



Item: 19.3

Policy and Resources Committee: 18 February 2025.

Revenue Expenditure Monitoring – Summary.

Report by Head of Finance.

1. Overview

- 1.1. On 11 March 2024, the Council set its overall revenue budget for financial year 2024/25. On 18 June 2024, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2024/25, which form the basis of the individual revenue expenditure monitoring reports.
- 1.2. Individual revenue expenditure monitoring reports are circulated every month to inform elected members of the up-to-date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees. Annex 1 to this report combines the individual service revenue expenditure monitoring reports and summarises the position for the Council.
- 1.3. In terms of sources of funding, the income position at function level is attached as Annex 2, with an explanation of the causes of each material variance and corrective actions, attached at Annex 3.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
 - i. Note the summary revenue expenditure monitoring statement for the period 1 April to 31 December 2024, attached as Annex 1 to this report, indicating the following:
 - A total General Fund overspend of £2,817,800
 - A surplus in Sources of Funding of £503,600.
 - A net Non-General Fund surplus of £5,393,200.
 - ii. Note the sources of funding statement for the period 1 April to 31 December 2024, attached as Annex 2 to this report.
 - iii. Scrutinise the explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to this report, in order to obtain assurance that appropriate action is being taken with regard to significant budget variances.

For Further Information please contact:

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Implications of Report

- 1. Financial:** The Financial Regulations state that Corporate Directors can incur expenditure within approved revenue and capital budgets. Such expenditure must be in accordance with the Council's policies and objectives and subject to compliance with the Financial Regulations.
- 2. Legal:** Regular financial monitoring and reporting help the Council meet its statutory obligation to secure best value.
- 3. Corporate Governance:** In terms of the Scheme of Administration, monitoring, on a quarterly basis, the general levels of revenue expenditure incurred against approved budgets, across all service areas of the Council, is referred to the Policy and Resources Committee for scrutiny.
- 4. Human Resources:** N/A.
- 5. Equalities:** Equality Impact Assessment is not required for financial monitoring.
- 6. Island Communities Impact:** Island Communities Impact Assessment is not required for financial monitoring.
- 7. Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our Communities.
 - Developing our Infrastructure.
 - Transforming our Council.
- 8. Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - Cost of Living.
 - Sustainable Development.
 - Local Equality.
- 9. Environmental and Climate Risk:** N/A.
- 10. Risk:** N/A.
- 11. Procurement:** N/A.
- 12. Health and Safety:** N/A.
- 13. Property and Assets:** N/A.
- 14. Information Technology:** N/A.
- 15. Cost of Living:** N/A.

List of Background Papers

Policy and Resources Committee, 27 February 2024, Budget and Council Tax Level for 2024/25.

Policy and Resources Committee, 18 June 2024, Detailed Revenue Budgets

Annexes

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

Annex 1: Revenue Expenditure Summary

December 2024

General Fund Service Area	Spend £000	Budget £000	Over/(Under) Spend		Annual Budget £000
			£000	%	
Roads	3,649.7	1,959.7	1,690.0	186.2	3,839.9
Transportation	5,613.1	5,694.9	(81.8)	98.6	7,484.5
Operational Environmental Services	2,183.7	1,792.1	391.6	121.9	3,256.4
Environmental Health & Trading Standards	671.0	676.2	(5.2)	99.2	1,143.6
Development	1,098.4	777.8	320.6	141.2	2,562.7
Planning	1,308.4	1,315.4	(7.0)	99.5	1,438.8
Development & Infrastructure	14,524.3	12,216.1	2,308.2	118.9	19,725.9
Education	34,623.2	34,208.0	415.2	101.2	47,463.9
Leisure & Cultural Services	3,552.4	3,607.8	(55.4)	98.5	5,141.9
Other Housing	425.5	1,249.7	(824.2)	34.0	2,382.2
Education, Leisure & Housing	38,601.1	39,065.5	(464.4)	98.8	54,988.0
Social Care	22,051.1	20,006.4	2,044.7	110.2	29,298.9
Orkney Health & Care	22,051.1	20,006.4	2,044.7	110.2	29,298.9
Central Administration	8,846.3	9,441.2	(594.9)	93.7	273.3
Law, Order & Protective Services	79.8	94.3	(14.5)	84.6	173.4
Other Services	1,674.6	2,135.9	(461.3)	78.4	12,198.7
Policy & Resources	10,600.7	11,671.4	(1,070.7)	90.8	12,645.4
Total Service Spending	85,777.2	82,959.4	2,817.8	103.4	116,658.2
Sources of Funding					
Non-Domestic Rates	(9,132.0)	(9,189.3)	57.3	99.4	(12,176.0)
Council Tax	(8,296.2)	(8,747.6)	451.4	94.8	(12,228.0)
Revenue Support Grant	(52,335.3)	(52,330.2)	(5.1)	100.0	(71,500.6)
Movement in Reserves	(20,470.0)	(20,470.0)	0.0	100.0	(20,753.6)
Total Income	(90,233.5)	(90,737.1)	503.6	99.4	(116,658.2)
Net Service Spending	(4,456.3)	(7,777.7)	3,321.4	57.3	0.0

Annex 1: Revenue Expenditure Summary

December 2024

<u>Non-General Fund</u>	Spend	Budget	Over/(Under) Spend		Annual
Service Area	£000	£000	£000	%	Budget
					£000
Sundry Accounts	38.4	(20.2)	58.6	(190.1)	0.0
Repairs & Maintenance	1,447.7	1,387.1	60.6	104.4	2,320.0
Asset Management Sub-Committee	1,486.1	1,366.9	119.2	108.7	2,320.0
Housing Revenue Account	(226.4)	(267.6)	41.2	84.6	(560.0)
UHI Orkney	566.6	(121.7)	688.3	(465.6)	0.0
Education, Leisure & Housing	340.2	(389.3)	729.5	(87.4)	(560.0)
Scapa Flow Oil Port	(2,855.5)	(2,120.9)	(734.6)	134.6	(1,238.5)
Miscellaneous Piers & Harbours	(1,172.9)	(130.6)	(1,042.3)	898.1	(682.5)
Harbour Authority Sub-Committee	(4,028.4)	(2,251.5)	(1,776.9)	178.9	(1,921.0)
Strategic Reserve Fund	5,087.9	9,552.9	(4,465.0)	53.3	14,817.0
Investments Sub-Committee	5,087.9	9,552.9	(4,465.0)	53.3	14,817.0
Net Service Spending	2,885.8	8,279.0	(5,393.2)	34.9	14,656.0

Annex 2: Financial Detail by Service Area

December 2024

The following table shows the spending position by service function

Sources of Funding	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Non-Domestic Rates	1C	(9,132.0)	(9,189.3)	57.3	99.4	(12,176.0)
Council Tax	1C	(8,296.2)	(8,747.6)	451.4	94.8	(12,228.0)
Revenue Support Grant		(52,335.3)	(52,330.2)	(5.1)	100.0	(71,500.6)
Movement in Reserves		(20,470.0)	(20,470.0)	0.0	100.0	(20,753.6)
Service Total		(90,233.5)	(90,737.1)	503.6	99.4	(116,658.2)

Changes in original budget position:

Original Net Budget	(112,303.0)
Embedded Officer Post	(6.3)
Redetermination Ukraine Resettlement	(53.1)
Local Government Pay Offer 23/24	(141.0)
Additional General Revenue Grant (£147m)	(565.0)
Additional General Revenue Grant (£62.7m)	(424.0)
Temp Accommodation Pressures	(15.0)
Additional Island Costs Crisis	(872.0)
Children's Social Care Pay Uplift	(59.0)
Employability Child Poverty Co-ordinator	(19.5)
No One Left Behind Approach to Employability	(53.0)
Island Costs Crisis Emergency Fund	(218.0)
Voluntary Sector Funding - Budget Creation	(20.0)
Bridge Street from RRR Fund	(470.9)
Community Development Fund - Budget Creation	(196.6)
Business Support Fund	(20.5)
Local Government Pay Offer 24/25	(523.0)
Teachers Pay Increase	(139.0)
Teacher Pension Increase	(548.0)
Business Support Fund	(11.3)
	(116,658.2)

Sources of Funding

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R37A	<p>Non-Domestic Rates</p> <p>Less than anticipated income by £57.3K</p> <p>Due to timing of receipts over the festive period, as a result not all entries were processed in the correct accounting period.</p>	<p>No action required</p> <p>Budget will align over time.</p>	Erik Knight	31/01/2025	Ongoing
R37C	<p>Council Tax</p> <p>Less than anticipated income by £451.3K</p> <p>Receipts in current year slightly behind profile for both current year and prior year receipts. The timing of receipts over the Christmas period has also resulted in some receipts falling into the wrong accounting period.</p>	<p>Monitor the situation</p> <p>Debt collection processes are ongoing.</p>	Erik Knight	31/01/2025	Ongoing