

## **Item: 4**

### **Asset Management Sub-committee: 28 January 2020.**

#### **Revenue Expenditure Monitoring.**

#### **Report by Head of Finance.**

### **1. Purpose of Report**

To advise of the revenue position as at 31 December 2019 across each of the service areas for which the Sub-committee is responsible.

### **2. Recommendations**

The Sub-committee is invited to note:

#### **2.1.**

The revenue financial summary statement, in respect of service areas for which the Asset Management Sub-committee is responsible, for the period 1 April to 31 December 2019, attached as Annex 1 to this report, indicating a budget underspend position of £150,200.

#### **2.2.**

The revenue financial detail by Service Area statement, in respect of service areas for which the Asset Management Sub-committee is responsible, for the period 1 April to 31 December 2019, attached as Annex 2 to this report.

#### **2.3.**

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.

### **3. Background**

#### **3.1.**

On 5 March 2019, the Council set its overall revenue budget for financial year 2019 to 2020. On 23 April 2019, the Policy and Resources Committee received the detailed revenue budgets which form the basis of the individual revenue expenditure monitoring reports.

#### **3.2.**

Individual revenue expenditure monitoring reports are circulated as briefing reports every month to inform Elected Members of the up to date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees, replacing the need for a monthly budget briefing this reporting period.

### **3.3.**

In terms of revenue spending, at an individual cost centre level, budget holders are required to provide an explanation of the causes of each material variance and to identify appropriate corrective actions to remedy the situation.

### **3.4.**

Material variances are identified automatically as Priority Actions within individual budget cost centres according to the following criteria:

- £10,000 and 10% more or less than Anticipated position (1b).
- £50,000 more or less than Anticipated position (1c).

### **3.5.**

Priority Actions can be identified at the Service Function level according to the same criteria and these are shown in the Revenue Expenditure Statements. As with individual cost centre variances, each of these Priority Actions requires an explanation and corrective action to be identified and these are shown in the Budget Action Plan.

### **3.6.**

The details have been provided following consultation with the relevant Executive Directors and their staff. In addition to the variances generated in the current month, the variances reported in previous reporting periods will remain within the Budget Action Plan until these actions have been completed.

### **3.7.**

The figures quoted within the Budget Action Plan by way of the underspend and overspend position will always relate to the position within the current month.

## **4. Financial Summary**

### **4.1.**

The financial summary for the period 1 April to 31 December 2019 is attached as Annex 1 to this report.

### **4.2.**

The details by Service Area statement is attached as Annex 2 to this report.

### **4.3.**

The Budget Action Plan, attached as Annex 3 to this report, provides an explanation and proposed corrective action for each of the Priority Actions identified.

## **5. Corporate Governance**

This report relates to the Council complying with its governance and financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

## **6. Financial Implications**

### **6.1.**

The Financial Regulations state that service directors are able to incur expenditure within an approved revenue budget. Such expenditure must be in accordance with the Council's policies or objectives subject to compliance with these Financial Regulations and approved schemes of delegation.

### **6.2.**

Additional expenditure requirements identified during the financial year can only be approved by means of a spending recommendation to the Policy and Resources Committee, subject to the use of emergency powers.

## **7. Legal Aspects**

Regular financial monitoring and reporting help the Council meet its statutory obligation to secure best value.

## **8. Contact Officer**

Gareth Waterson, Head of Finance, extension 2103, Email [gareth.waterson@orkney.gov.uk](mailto:gareth.waterson@orkney.gov.uk).

## **9. Annexes**

Annex 1: Financial summary.

Annex 2: Financial details by service area.

Annex 3: Budget Action Plan.

## Annex 1: Financial Summary

The table below provides a summary of the position across all Service Areas.

<b>Service Area</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Sundry Accounts	8.5	209.2	(200.7)	4.1	0.0
Repairs & Maintenance	(912.2)	(962.7)	50.5	94.8	0.0
<b>Service Totals</b>	<b>(903.7)</b>	<b>(753.5)</b>	<b>(150.2)</b>	<b>119.9</b>	<b>0.0</b>

Compared to last month, the total number of PAs has changed as follows:

<b>Service Area</b>	<b>No. of PAs</b>		<b>Service Functions</b>	<b>PAs/ Function</b>
	<b>P08</b>	<b>P09</b>		
Sundry Accounts	3	1	5	20%
Repairs & Maintenance	1	1	2	50%
<b>Totals</b>	<b>4</b>	<b>2</b>	<b>7</b>	<b>29%</b>

## Annex 2: Financial Detail by Service Area

The following tables show the spending position by service function

<b>Sundry Accounts</b>	<b>PA</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Utilities Holding A/C	<b>1B</b>	(8.7)	178.6	(187.3)	N/A	0.0
Insurance Holding A/C		0.5	0.0	0.5	0.0	0.0
Telephones Holding A/C		(0.1)	0.8	(0.9)	N/A	0.0
Photocopiers Holding A/C		18.5	23.4	(4.9)	78.9	0.0
Postages Holding A/C		(1.7)	6.4	(8.1)	N/A	0.0
<b>Service Total</b>		<b>8.5</b>	<b>209.2</b>	<b>(200.7)</b>	<b>4.1</b>	<b>0.0</b>

<b>Repairs &amp; Maintenance</b>	<b>PA</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
R & M General Fund	<b>1C</b>	(843.9)	(900.1)	56.2	93.8	0.0
Ground Maintenance		(68.3)	(62.6)	(5.7)	109.1	0.0
<b>Service Total</b>		<b>(912.2)</b>	<b>(962.7)</b>	<b>50.5</b>	<b>94.8</b>	<b>0.0</b>

## Annex 3: Budget Action Plan

### Sundry Accounts

<b>Function</b>	<b>Function Description/ Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>	<b>Deadline</b>	<b>Status</b>
<b>R45C</b>	<b>Utilities Holding A/C</b> Less than anticipated expenditure by £187.3K  Invoice queries have now been resolved, confirming budget is overprovided.	<b>Monitor the situation</b>  Invoice queries progressively resolved confirming that this budget is overprovided for as costs are confirmed now as lower than expected for this year.  Budget will be adjusted for 2020 to 2021 through the budget setting process.	Darren Richardson	31/03/2020	Ongoing

## Annex 3: Budget Action Plan

### Repairs & Maintenance

<b>Function</b>	<b>Function Description/ Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>	<b>Deadline</b>	<b>Status</b>
<b>R41A</b>	<b>R &amp; M General Fund</b> More than anticipated expenditure by £56.2K Costs for gravestones works have temporarily been included in the Repairs and Maintenance expenditure.	<b>Monitor the situation</b> These costs have now been transferred to Burial Grounds where a contribution from the Repairs and Renewals Fund, which was set aside at the end of financial year 2018 to 2019, will cover these costs.	Darren Richardson	31/03/2020	Ongoing