

Item: 4

Education Leisure and Housing Committee: 13 September 2017.

Revenue Expenditure Outturn Report For Financial Year 2016 to 2017.

Joint report by Executive Director of Education, Leisure and Housing, Executive Director of Corporate Services and Head of Finance.

1. Purpose of Report

To advise of the revenue outturn position for financial year 2016 to 2017 across each of the service areas for which the Committee is responsible.

2. Recommendations

The Committee is invited to note:

2.1.

The revenue expenditure outturn statement in respect of Education, Leisure and Housing for financial year 2016 to 2017, attached as Annex 1 to this report, indicating the following:

- A net General Fund overspend of £497,500.
- A net Non-General Fund underspend of £244,600.

2.2.

That the overspend within General Fund services overspend in respect of Education, Leisure and Housing has reduced from £903,000 in 2015 to 2016 to £497,500 in 2016 to 2017.

2.3.

That the overspend incurred during 2015 to 2016 included the following elements which were largely outwith the control of the service:

- Out of Orkney Placements – overspend £104,000.
- Central Services apportioned costs – increased charge of £216,000.
- Repairs and Maintenance – additional costs of £180,000.

2.4.

That the overspend incurred during 2016 to 2017 includes the following elements:

- Non Domestic Rates – £100,000.

- Long term illness supply costs – £130,000.

2.6.

The explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 2 to this report.

3. Policy Aspects

This report relates to the Council complying with its governance and financial processes and procedures and therefore does not relate specifically to progressing the Council's priorities.

4. Introduction

At its Special General Meeting held on 18 February 2016, as part of the budget setting process for 2016 to 2017, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2016 to 2017.

5. Background

5.1.

Individual revenue expenditure monitoring reports are circulated as briefing reports every month in order to inform committee members of the up to date financial position. Quarterly revenue expenditure monitoring reports are now being presented to individual service committees. This quarterly report replaces the need for a monthly budget briefing this reporting period.

5.2.

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.

5.3.

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).

5.4.

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.

5.5.

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.

5.6.

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.

6. Financial Summary

6.1.

The revenue expenditure outturn statement is attached as Annex 1 to this report.

6.2.

The Budget Action Plan, attached as Annex 2 to this report, provides an explanation and proposed corrective action for each of the Priority Actions identified.

7. Financial Implications

7.1.

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.

7.2.

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.

7.3.

The outturn statements include a number of accounting entries required to comply with proper accounting practice, including International Financial Reporting Standards. This includes accounting for the use of fixed assets e.g. depreciation and revaluations, current service cost of pensions and accumulated staff absences.

7.4.

The General Fund overspend has reduced from £903,000 in 2015 to 2016 to £497,500 in 2016 to 2017.

7.5.

The 2015 to 2016 overspend included the following elements which were largely outwith the control of the service:

- Out of Orkney Placements – overspend £104,000.
- Central Services apportioned costs – increase charge of £216,000.
- Repairs and Maintenance – additional costs of £180,000.

7.6.

The 2016 to 2017 overspend includes the following elements:

- Non Domestic Rates – £100,000.
- Long term illness supply costs – £130,000.

8. Legal Aspects

Financial monitoring and reporting helps the Council meet its obligation to secure best value.

9. Contact Officers

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10. Annexes

Annex 1: Revenue Expenditure Outturn Statement.

Annex 2: Budget Action Plan.