

Item: 4

Asset Management Sub-committee: 7 November 2019.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 30 September 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 30 September 2019, attached as Annex 1 to this report, indicating a budget underspend position of £302,200.

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 30 September 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 30 September 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.

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.

Service Area	Spend £000	Budget £000	Over/Under Spend		Annual Budget £000
			£000	%	
Sundry Accounts	37.0	230.7	-193.7	16.0	0.0
Repairs & Maintenance	-1,349.7	-1,241.2	-108.5	108.7	0.0
Service Totals	-1,312.7	-1,010.5	-302.2	129.9	0.0

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

Service Area	No. of PAs		Service Functions	PAs/ Function
	P05	P06		
Sundry Accounts	4	2	5	40%
Repairs & Maintenance	1	1	2	50%
Totals	5	3	7	43%

Annex 2: Financial Detail by Service Area

The following tables show the spending position by service function

Sundry Accounts	PA	Spend £000	Budget £000	Over/Under £000	Spend %	Annual Budget £000
Utilities Holding A/C	1B	13.3	182.0	-168.7	7.3	0.0
Insurance Holding A/C		24.6	22.5	2.1	109.4	0.0
Telephones Holding A/C		-5.9	1.6	-7.5	N/A	0.0
Photocopiers Holding A/C	1B	4.7	17.9	-13.2	26.2	0.0
Postages Holding A/C		0.3	6.7	-6.4	5.0	0.0
Service Total		37.0	230.7	-193.7	16.0	0.0

Repairs & Maintenance	PA	Spend £000	Budget £000	Over/Under £000	Spend %	Annual Budget £000
R & M General Fund	1C	-1,194.8	-1,090.7	-104.1	109.5	0.0
Ground Maintenance		-154.9	-150.5	-4.4	102.9	0.0
Service Total		-1,349.7	-1,241.2	-108.5	108.7	0.0

Annex 3: Budget Action Plan

Sundry Accounts

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R45C	<p>Utilities Holding A/C</p> <p>Less than anticipated expenditure by £168.7K</p> <p>Due to invoices not being received on time.</p>	<p>Monitor the situation</p> <p>No action but continue to monitor.</p>	Darren Richardson	31/10/2019	Ongoing
R45G	<p>Photocopiers Holding A/C</p> <p>Less than anticipated expenditure by £13.2K</p> <p>Supplier has been billing OIC for machines that are no longer in use, so there have been a number of service credits applied recently. At the same time, bills for current machines have not yet been received. There are fewer machines now in place, but these are more expensive, and less paper being used so it is anticipated that most but not all of the overall budget is still required.</p>	<p>Process transaction(s)</p> <p>Administrative work to rectify the situation continues. It is expected that this problem should be resolved within the next 2 months.</p>	Hayley Green	31/12/2019	New

Annex 3: Budget Action Plan

Repairs & Maintenance

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R41A	R & M General Fund More than anticipated income by £104.1K Expenditure lower than profile.	Monitor the situation This is a large programme containing many projects. They will under and overspend and be delivered at different rates of progress. It is not anticipated there will be significant variance at year end.	Darren Richardson	31/03/2020	Ongoing