

Item: 5.1

Policy and Resources Committee: 21 September 2021.

Revenue Expenditure Monitoring.

Joint Report by Chief Executive, Interim Executive Director of Environmental, Property and IT Services and Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 30 June 2021 in respect of each of the service areas for which the Committee is responsible.

2. Recommendations

The Committee is invited to note:

2.1.

The revenue financial summary statement in respect of the undernoted services for the period 1 April to 30 June 2021, attached as Annex 1 to this report, indicating an underspend position of £102,600:

- Central Administration.
- Law, Order and Protective Services.
- Other Services.

2.2.

The revenue financial detail by Service Area statement for the period 1 April to 30 June 2021, attached as Annex 2 to this report.

The Committee is invited to scrutinise:

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, in order to obtain assurance that action is being taken with regard to significant budget variances.

3. Background

3.1.

On 2 March 2021, the Council set its overall revenue budget for financial year 2021/22. On 20 April 2021, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2021/22, which form the basis of the individual revenue expenditure monitoring reports.

3.2.

Individual revenue expenditure reports are circulated every month in order to inform Elected Members of the up to date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees.

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:

- Variance of £10,000 and more than 110% or less than 90% of anticipated position (1B).
- Not more than 110% or less than 90% of anticipated position but variance greater than £50,000 (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.

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 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 Officers

John W Mundell, Interim Chief Executive, Email chief.executive@orkney.gov.uk

Hayley Green, Interim Executive Director of Environmental, Property and IT Services, Email hayley.green@orkney.gov.uk.

Colin Kemp, Interim Head of Finance, Email colin.kemp@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

June 2021

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

Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Central Administration	2,590.3	2,773.0	(182.7)	93.4	0.0
Law, Order & Protective Services	(117.3)	(195.8)	78.5	59.9	3,086.4
Other Services	624.1	622.5	1.6	100.3	11,263.8
Service Totals	3,097.1	3,199.7	(102.6)	96.8	14,350.2

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

Service Area	No. of PAs		Service Functions	PAs/ Function
	P02	P03		
Central Administration	2	3	8	38%
Law, Order & Protective Services	1	1	1	100%
Other Services	5	0	18	0%
Totals	8	4	27	15%

Annex 2: Financial Detail by Service Area

June 2021

The following tables show the spending position by service function

		Spend	Budget	Over/(Under) Spend		Annual Budget
	PA	£000	£000	£000	%	£000
Central Administration						
Chief Executive		759.4	771.0	(11.6)	98.5	0.0
Corporate Services		226.0	246.3	(20.3)	91.8	0.0
Finance		381.2	420.7	(39.5)	90.6	0.0
Development and Infrastructure	1B	462.3	532.9	(70.6)	86.8	0.0
IT and Facilities	1B	564.3	630.6	(66.3)	89.5	(13.2)
Legal Services		119.4	115.4	4.0	103.5	0.0
Cleaning Holding Accounts	1B	77.7	56.1	21.6	138.5	0.0
Movement in Reserves		0.0	0.0	0.0	0.0	13.2
Service Totals		2,590.3	2,773.0	(182.7)	93.4	0.0

Budget Summary

Original Net Budget	0.0
	0.0

		Spend	Budget	Over/(Under) Spend		Annual Budget
	PA	£000	£000	£000	%	£000
Law, Order and Protective Services						
Civil Contingencies	1B	(117.3)	(195.8)	78.5	59.9	3,086.4
Service Totals		(117.3)	(195.8)	78.5	59.9	3,086.4

Budget Summary

Original Net Budget	117.9
Business Hardship Support Grant from Business Support Fund	2,968.5
	3,086.4

		Spend	Budget	Over/(Under) Spend		Annual Budget
	PA	£000	£000	£000	%	£000
Other Services						
* Corporate Management		128.5	139.5	(11.0)	92.1	2,830.5
\$ Corporate Priorities		254.3	247.3	7.0	102.8	3,046.1
Area Support Team (CP)		2.8	3.3	(0.5)	84.4	15.7
Registration		3.0	8.9	(5.9)	33.9	57.5
Miscellaneous Property		0.0	(9.2)	9.2	0.0	213.8
Payments to Joint Boards		57.6	57.6	0.0	100.0	434.2
Local Works and Services		0.4	0.0	0.4	0.0	0.0
Elections		33.4	38.7	(5.3)	86.3	36.7
Licensing		6.2	4.6	1.6	136.1	20.2
Grants		31.3	24.8	6.5	126.1	167.8
Publicity		13.3	13.3	0.0	100.1	16.0
Twinning		(15.0)	(10.5)	(4.5)	143.4	(0.4)
Community Councils		118.1	119.9	(1.8)	98.5	418.2
Interest on Loans and Balances		0.0	0.0	0.0	0.0	(372.0)
Miscellaneous		0.0	0.3	(0.3)	0.0	42.6
Movement in Reserves		0.0	0.0	0.0	0.0	491.6
Cost of Collection		(5.2)	(11.6)	6.4	44.7	417.9
Finance Charges		(4.6)	(4.4)	(0.2)	104.5	3,427.4
Service Totals		624.1	622.5	1.6	100.3	11,263.8

Budget Summary

Original Budget	11,022.9
Our Islands Our Future from RRR Fund	112.5
Contribution to Willow Tree Nursery from Contingency	(170.0)
Redetermination - Additional GRG	280.0
Redetermination - Local Self Isolation Assistance	9.1
Budget from Planning for Procurement post regrade	9.3
Revised Net Budget	11,263.8

Annex 2: Financial Detail by Service Area

June 2021

		Spend	Budget	Over/(Under) Spend		Annual Budget
* Corporate Management	PA	£000	£000	£000	%	£000
Our Islands Our Future		20.6	22.6	(2.0)	91.2	150.8
Audit Fees		(59.1)	(63.2)	4.1	93.5	194.5
Corporate - General		30.9	36.2	(5.3)	85.4	1,894.7
Democracy - Members Expenses		136.1	143.9	(7.8)	94.6	590.5
Service Totals		128.5	139.5	(11.0)	92.1	2,830.5

		Spend	Budget	Over/(Under) Spend		Annual Budget
\$ Corporate Priorities	PA	£000	£000	£000	%	£000
Change Programme		96.0	64.0	32.0	150.0	315.0
Community Planning Partnership		(14.4)	(7.0)	(7.4)	205.7	93.1
Corporate Learning and Development		16.2	17.9	(1.7)	90.5	135.9
Trade Union Facility Time		3.4	7.7	(4.3)	44.2	35.0
Voluntary Sector		22.7	22.7	0.0	100.0	90.8
Compensatory Pensions		113.4	110.8	2.6	102.3	443.2
Corporate Contingency		17.0	31.2	(14.2)	54.5	1,933.1
Service Totals		254.3	247.3	7.0	102.9	3,046.1

Central Administration

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R10D	<p>Development & Infrastructure</p> <p>Less than anticipated expenditure by £70.6K</p> <p>Most of the underspend is due to current vacancies which we are now endeavouring to fill. Profile of supplies and services budget does not match the timings of the various components charged, including the annual cost of asset management system and the costs for various annual licences.</p>	<p>Monitor the situation</p> <p>Budget will continue to be monitored over the coming months with the supplies and services anticipated to come back in line as services get invoiced. There will be an underspend in the staffing budget by the number of months that posts remain unfilled.</p>	Hayley Green	31/10/2021	Ongoing
R10F	<p>I.T. and Facilities</p> <p>Less than anticipated expenditure by £66.3K</p> <p>Staff costs are lower than expected due to some vacancies/reduced hours. Supplies and services are underspent currently as supply chain delays have had a knock-on impact on scheduling of invoices.</p>	<p>Raise virements request</p> <p>Work to recruit is in progress.</p>	Hayley Green	31/07/2021	Ongoing
R100	<p>Cleaning Holding Account</p> <p>More than anticipated expenditure by £21.6K</p> <p>Additional costs associated with the extra cleaning that is required because of the COVID-19 pandemic.</p>	<p>Monitor the situation</p> <p>Situation being actively monitored and reported as appropriate.</p>	Hayley Green	31/03/2022	New

Law, Order & Protective Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R23F	Civil Contingencies More than anticipated expenditure by £78.5K Cost centre is holding COVID-19 expenditure for Orkney Islands Council.	Raise virements request Action will be taken, in discussion with Finance colleagues, as opportunities arise.	Hayley Green	31/03/2022	Ongoing