

Item: 5.2

Policy and Resources Committee: 22 September 2020.

Revenue Expenditure Monitoring – Summary.

Report by Head of Finance.

1. Purpose of Report

To advise of the summary revenue position as at 30 June 2020 across General and Non-General Fund service areas.

2. Recommendations

The Committee is invited to note:

2.1.

The summary revenue expenditure statement for the period 1 April to 30 June 2020, attached as Annex 1 to this report, indicating the following:

- A total General Fund overspend of £922,800.
- A deficit in Sources of Funding of £349,900.
- A net Non-General Fund surplus of £12,459,900.

2.2.

The financial detail across individual Sources of Funding for the period 1 April to 30 June 2020, including significant variances identified as Priority Actions, 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 3 March 2020, the Council set its overall revenue budget for financial year 2020 to 2021. On 11 June 2020, the Council 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 every month 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 revenue expenditure summary statement is attached as Annex 1 to this report.

4.2.

The financial detail across individual Sources of Funding, including significant variances identified as Priority Actions, 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.

6.3.

The exceptional impact of the COVID 19 pandemic will see additional expenditure and reduced income across all services which will be monitored during financial year 2020 to 2021 with a possible contribution from General Fund non earmarked balances at the financial year-end.

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 Sources of Funding.

Annex 3: Budget Action Plan.

Annex 1: Revenue Expenditure Summary

General Fund Service Area	Spend £000	Budget £000	Over/(Under) Spend		Annual Budget £000
			£000	%	
Roads	961.2	822.4	138.8	116.9	3,189.8
Transportation	1,949.8	2,058.0	(108.2)	94.7	7,488.6
Operational Environmental Services	532.8	147.3	385.5	361.7	2,621.2
Environmental Health & Trading Standards	149.2	165.5	(16.3)	90.2	900.2
Development	531.3	436.3	95.0	121.8	1,659.7
Planning	66.2	175.1	(108.9)	37.8	1,020.7
Development & Infrastructure	4,190.5	3,804.6	385.9	110.1	16,880.2
Education	9,338.8	9,189.1	149.7	101.6	33,828.4
Leisure & Cultural Services	1,628.0	1,561.6	66.4	104.3	4,220.7
Other Housing	396.4	359.2	37.2	110.4	1,605.3
Education, Leisure & Housing	11,363.2	11,109.9	253.3	102.3	39,654.4
Social Care	6,026.5	5,642.5	384.0	106.8	20,342.5
Orkney Health & Care	6,026.5	5,642.5	384.0	106.8	20,342.5
Central Administration	2,518.1	2,735.2	(217.1)	92.1	4.3
Law, Order & Protective Services	(446.4)	(546.5)	100.1	81.7	5,367.2
Other Services	569.3	552.7	16.6	103.0	11,358.6
Policy & Resources	2,641.0	2,741.4	(100.4)	96.3	16,719.4
Total Service Spending	24,221.2	23,298.4	922.8	104.0	93,607.2
Sources of Funding					
Non-Domestic Rates	(1,721.6)	(1,721.6)	0.0	100.0	(7,019.0)
Council Tax	(2,078.7)	(2,428.6)	349.9	85.6	(10,086.4)
Revenue Support Grant	(18,348.6)	(18,348.6)	0.0	100.0	(64,741.0)
Movement in Reserves	(6,443.4)	(6,443.4)	0.0	100.0	(11,760.8)
Total Income	(28,592.3)	(28,942.2)	349.9	98.8	(93,607.2)
Net Service Spending	(4,371.1)	(5,643.8)	1,272.7	77.4	0

Annex 1: Revenue Expenditure Summary

<u>Non-General Fund</u>	Spend	Budget	Over/(Under) Spend		Annual
Service Area	£000	£000	£000	%	Budget
					£000
Sundry Accounts	43.9	191.2	(147.3)	23.0	0.0
Repairs & Maintenance	73.8	306.5	(232.7)	24.1	2,056.5
Asset Management Sub-Committee	117.7	497.7	(380.0)	23.6	2,056.5
Housing Revenue Account	934.0	737.8	196.2	126.6	0.0
Orkney College	(194.9)	(110.8)	(84.1)	175.9	0.0
Education, Leisure & Housing	739.1	627.0	112.1	117.9	0.0
Scapa Flow Oil Port	(1,237.3)	(758.6)	(478.7)	163.1	(763.7)
Miscellaneous Piers & Harbours	343.9	(1,253.4)	1,597.3	-27.4	(1,879.1)
Harbour Authority Sub-Committee	(893.4)	(2,012.0)	1,118.6	44.4	(2,642.8)
Strategic Reserve Fund	(9,444.0)	3,866.6	(13,310.6)	-244.2	(1,115.6)
Investments Sub-Committee	(9,444.0)	3,866.6	(13,310.6)	-244.2	(1,115.6)
Net Service Spending	(9,480.6)	2,979.3	(12,459.9)	-318.2	(1,701.9)

Annex 2: Financial Detail by Service Area

The following table shows the spending position by service function.

Source of Funding	PA	Spend £000	Budget £000	Over/Under £000	Spend %	Annual Budget £000
Non-Domestic Rates		(1,721.6)	(1,721.6)	0.0	100.0	(7,019.0)
Council Tax	1B	(2,078.7)	(2,428.6)	349.9	85.6	(10,086.4)
Revenue Support Grant		(18,348.6)	(18,348.6)	0.0	100.0	(64,741.0)
Movement in Reserves		(6,443.4)	(6,443.4)	0.0	100.0	(11,760.8)
Service Total		(28,592.3)	(28,942.2)	349.9	98.8	(93,607.2)

Changes in original budget position:

Original Net Budget						(86,464.8)
SG COVID 19 Fund				(350.0)		
Food Fund COVID 19				(99.0)		
General Revenue Grant				(1,085.0)		
Scottish Welfare Fund incl. COVID 19 allocation				(49.0)		
Redeterminations						(1,583.0)
Office 365				(4.3)		
Repairs & Renewals Fund						(4.3)
Contribution to Economic Development				(128.6)		
Workforce Management Fund						(128.6)
Inter-Island Transport Study				(100.0)		
Ferry Replacement Fund						(100.0)
Business Hardship Support Grant				(576.0)		
Crown Estate						(576.0)
CDF Grant				(120.0)		
Economic Development Grants						(120.0)
Business Hardship Support Grant				(1,424.0)		
Environmental Designations				(15.0)		
Our Islands Our Future				(191.5)		
RRR Fund						(1,630.5)
Business Hardship Support Grant				(3,000.0)		
Strategic Reserve Fund						(3,000.0)
Revised Net Budget						(93,607.2)

Annex 3: Budget Action Plan

Sources of Funding

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R37C	Council Tax Less than anticipated income by £349.9K Less Council Tax collected than budgeted. Collection reduced around 2% in first quarter of 2020 to 2021 and this reflects the position nationally. Mainly attributed to Covid-19; we have not been pursuing debt recovery in line with national agreements.	Monitor the situation Debt recovery re-starting in July and expect to see an increase in collections later in the year, but it is estimated that around 25% of the uncollected amount may not be collected in year.	Gareth Waterson	31/03/2021	Ongoing