

## **Item: 4.2**

**Policy and Resources Committee: 21 September 2021.**

**Summary Revenue Expenditure Outturn.**

**Joint Report by Chief Executive and Head of Finance.**

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

To advise of the summary revenue outturn position across General Fund and Non-General Fund service areas for financial year 2020/21.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

The revenue expenditure outturn statement for financial year 2020/21, attached as Annex 1 to this report, indicating the following:

- A total General Fund deficit of £2,106,700.
- A surplus in Sources of Funding for General Fund Services of £6,700.
- A net Non-General Fund surplus of £39,899,600.

### **3. Background**

#### **3.1.**

On 3 March 2020, the Council set its overall revenue budget for financial year 2020/21. On 11 June 2020, the Council received the detailed revenue budgets which form the basis of the individual revenue expenditure monitoring report.

#### **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.

## **4. Financial Summary**

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

## **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 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, for example depreciation and revaluations, current service cost of pensions and accumulated staff absences.

## **7. Legal Aspects**

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

## **8. Contact Officers**

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Colin Kemp, Interim Head of Finance, Email [colin.kemp@orkney.gov.uk](mailto:colin.kemp@orkney.gov.uk).

## **9. Annex**

Annex 1: Summary Revenue Expenditure Outturn Statement.

<b>General Fund</b>	<b>Actual Net Spend £000</b>	<b>Anticipated Net Spend £000</b>	<b>Over/(Under) Spend</b>		<b>Annual Net Budget £000</b>
<b>Service Area</b>			<b>£000</b>	<b>%</b>	
Roads	3,254.0	3,620.8	(366.8)	89.9	3,620.8
Transportation	7,675.8	7,693.2	(17.4)	99.8	7,693.2
Operational Environmental Services	2,989.7	2,785.3	204.4	107.3	2,785.3
E/Health and Trading Standards Development	942.4	923.8	18.6	102.0	923.8
Planning	1,569.3	1,604.7	(35.4)	97.8	1,604.7
<b>Development and Infrastructure</b>	<b>17,205.7</b>	<b>17,645.5</b>	<b>(439.8)</b>	<b>97.5</b>	<b>17,645.5</b>
Education	35,216.6	35,631.0	(414.4)	98.8	35,631.0
Leisure and Cultural Services	4,901.3	5,003.4	(102.1)	98.0	5,003.4
Other Housing	1,264.7	1,651.2	(386.5)	76.6	1,651.2
<b>Education, Leisure and Housing</b>	<b>41,382.5</b>	<b>42,285.6</b>	<b>(903.1)</b>	<b>97.9</b>	<b>42,285.6</b>
Social Care	20,451.9	20,451.9	0.0	100.0	20,451.9
<b>Orkney Health and Care</b>	<b>20,451.9</b>	<b>20,451.9</b>	<b>0.0</b>	<b>100.0</b>	<b>20,451.9</b>
Central Administration	72.4	72.4	0.0	100.0	72.4
Law, Order and Protective Services	880.6	891.8	(11.2)	98.7	891.8
Other Services	22,522.3	19,061.5	3,460.8	118.2	19,061.5
<b>Policy and Resources</b>	<b>23,475.3</b>	<b>20,025.7</b>	<b>3,449.6</b>	<b>117.2</b>	<b>20,025.7</b>
<b>Total Service Spending</b>	<b>102,515.4</b>	<b>100,408.7</b>	<b>2,106.7</b>	<b>102.1</b>	<b>100,408.7</b>
<b>Sources of Funding</b>					
Non(Domestic Rates	(7,019.0)	(7,019.0)	0.0	100.0	(7,019.0)
Council Tax	(10,026.4)	(9,986.4)	(40.0)	100.4	(9,986.4)
Revenue Support Grant	(76,213.0)	(76,215.0)	2.0	100.0	(76,215.0)
Movement in Reserves	(7,157.0)	(7,188.3)	31.3	99.6	(7,188.3)
<b>Total Income</b>	<b>(100,415.4)</b>	<b>(100,408.7)</b>	<b>(6.7)</b>	<b>100.0</b>	<b>(100,408.7)</b>

General Fund Deficit 2020/21

2,100.0

	Actual Net Spend £000	Anticipated Net Spend £000	Over/(Under) Spend £000	%	Annual Net Budget £000
<b><u>Non-General Fund</u></b>					
Repairs and Maintenance	2,044.7	2,044.7	0.0	100.0	2,044.7
Sundry Accounts	3,456.2	3,973.0	(516.8)	87.0	3,973.0
<b>Asset Management Sub Committee</b>	<b>5,500.9</b>	<b>6,017.7</b>	<b>(516.8)</b>	<b>91.4</b>	<b>6,017.7</b>
Scapa Flow Oil Port	(2,721.4)	(763.7)	(1,957.7)	356.3	(763.7)
Miscellaneous Piers	1,054.6	(1,879.1)	2,933.7	n/a	(1,879.1)
<b>Harbour Authority Sub Committee</b>	<b>(1,666.8)</b>	<b>(2,642.8)</b>	<b>976.0</b>	<b>63.1</b>	<b>(2,642.8)</b>
Housing Revenue Account	(126.1)	0.0	(126.1)	n/a	0.0
Orkney College	(43.9)	0.0	(43.9)	n/a	0.0
<b>Education, Leisure and Housing</b>	<b>(170.0)</b>	<b>0.0</b>	<b>(170.0)</b>	<b>n/a</b>	<b>0.0</b>
Strategic Reserve Fund	(41,304.4)	(1,115.6)	(40,188.8)	3,702.4	(1,115.6)
<b>Investment Sub Committee</b>	<b>(41,304.4)</b>	<b>(1,115.6)</b>	<b>(40,188.8)</b>	<b>3,702.4</b>	<b>(1,115.6)</b>
<b>Net Service Spending</b>	<b>(37,640.3)</b>	<b>2,259.3</b>	<b>(39,899.6)</b>	<b>(1,666.0)</b>	<b>2,259.3</b>

Sources of Funding	PA	Income £000	Budget £000	Over/(Under)		Annual Budget £000
				Spend £000	%	
Non-Domestic Rates		(7,019.0)	(7,019.0)	0.0	100.0	(7,019.0)
Council Tax		(10,026.4)	(9,986.4)	(40.0)	100.4	(9,986.4)
Revenue Support Grant		(76,213.0)	(76,215.0)	2.0	100.0	(76,215.0)
Use of Balances		(7,157.0)	(7,188.3)	31.3	99.6	(7,188.3)
<b>Service Totals</b>		<b>(100,415.4)</b>	<b>(100,408.7)</b>	<b>(6.7)</b>	<b>100.0</b>	<b>(100,408.7)</b>

**Budget Summary**

Original Net Budget	(86,464.8)
Redetermination Associated with COVID	(1,085.0)
Redetermination Scottish Welfare Fund Allocations including COVID-19 Allocations	(49.0)
Redetermination COVID-19 Fund £350K	(350.0)
Redetermination COVID-19 Food Fund	(99.0)
Redetermination COVID-19 Registrars	(2.0)
Redetermination Rapid Response	(17.0)
Redetermination Teachers Induction Scheme	(59.0)
Redetermination EU Brexit Funding	(25.0)
Redetermination Consequentials Correction	1.0
Redetermination Community Justice CPP	(12.0)
Redetermination Council Tax Reduction Scheme Additional Support	(100.0)
Redetermination Environmental Health Officers	(19.0)
Redetermination Additional Consequentials	(343.0)
Redetermination Additional Teachers	(105.0)
Redetermination Education Digital Inclusion	(58.0)
Redetermination Winter Hardship Payment	(23.0)
Redetermination January Free School Meals	(13.0)
Redetermination Business Support Grant	(124.0)
Redetermination Test and Protect Combined	(11.0)
Redetermination Children and Young Peoples Mental Health	(70.0)
Redetermination Education Recovery Fund	(135.0)
Redetermination Home Learning Support	(34.0)
Redetermination Lost Income Scheme	(4,882.0)
Redetermination COVID-19 General Funding	(3,666.0)
Redetermination School Meals Dec/Jan Holidays	(17.0)
Redetermination School Meals February Holidays	(10.0)
Redetermination PESF Boost	(47.0)
Redetermination Teacher Support/Workforce	(218.0)
Redetermination School Meals Easter Holidays	(8.0)
Redetermination Winter Hardship Administration	(7.0)
Redetermination COVID-19 Spring Hardship Payment	(35.0)
Redetermination Insecurity Over Winter Fund	(11.0)
Redetermination Increase in Insecurity Over Winter Fund	(46.0)

Redetermination Protection Level Restrictions	(210.0)
Redetermination Additional Education Recovery	(472.0)
Redetermination Test and Protect Extension	(7.0)
Redetermination Discretionary Fund	(689.0)
Council Tax Reduction Scheme - Reduce Council Tax Income Budget	100.0
Innovation Fund – E-Learning Project	(40.9)
Economic Development Fund - Kirkwall Bid	(3.9)
Economic Development Fund - CDF	(72.7)
Economic Development Fund - Orkney Digital Media Project	(46.1)
RRR Fund - Environmental Designations	(2.8)
RRR Fund - Our Islands Our Future	(130.0)
Repairs and Renewals Fund - Transport Infrastructure	(150.0)
Repairs and Renewals Fund - Integrated Waste Facility	(11.5)
Repairs and Renewals Fund - Pathfinder Project	(72.4)
Local Works and Services Contribution - Hard Stand in Burray Village	(3.1)
Local Works and Services Contribution - Plaque for 75th Anniversary Churchill Barriers	(0.4)
Local Works and Services Contribution - Development of Loch of Ayre Walkway	(1.4)
Local Works and Services Contribution - Remove Scrap Cars North Isles	(2.5)
Out with Orkney Placements Fund - OHAC	(88.2)
Out with Orkney Placements Fund - Education	(315.5)
Capital Projects Appraisal Fund -Integrated Waste Facility	(43.1)
SRF - Contribution to Island Games	(2.4)

**Revised Net Budget****(100,408.7)**