



**Item: 3**

**Asset Management Sub-committee: 5 November 2024.**

**Revenue Expenditure Monitoring.**

**Report by Head of Finance.**

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## **1. Overview**

- 1.1. On 11 March 2024 the Council set its overall revenue budget for financial year 2024/25. On 18 June 2024, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2024/25, which form the basis of the individual revenue expenditure monitoring reports.
- 1.2. 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.
- 1.3. 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.
- 1.4. 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).
- 1.5. 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.
- 1.6. The details have been provided following consultation with the relevant Corporate Directors and their staff.
- 1.7. 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.

## 2. Recommendations

2.1. It is recommended that members of the Sub-committee:

- i. Note 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 2024, attached as Annex 1 to this report, indicating a budget overspend position of £287,400.
- ii. Note 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 2024, attached as Annex 2 to this report.
- iii. Scrutinise 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 appropriate action is being taken with regard to significant budget variances.

### For Further Information please contact:

Pat Robinson, Service Manager (Accounting), extension 2621, Email:

[pat.robinson@orkney.gov.uk](mailto:pat.robinson@orkney.gov.uk)

### Implications of Report

1. **Financial** The Financial Regulations state that Corporate Directors can incur expenditure within approved revenue and capital budgets. Such expenditure must be in accordance with the Council's policies and objectives and subject to compliance with the Financial Regulations.
2. **Legal** Regular financial monitoring and reporting help the Council meet its statutory obligation to secure best value.
3. **Corporate Governance** In terms of the Scheme of Administration, monitoring, on a quarterly basis, the levels of revenue expenditure incurred against approved budgets, in respect of each of the service areas for which the Sub-committee is responsible, is referred to the Asset Management Sub-committee.
4. **Human Resources** N/A.
5. **Equalities** Equality Impact Assessment is not required for financial monitoring.
6. **Island Communities Impact** Island Communities Impact Assessment is not required for financial monitoring.

7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
  - Growing our economy.
  - Strengthening our Communities.
  - Developing our Infrastructure.
  - Transforming our Council.
8. **Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
  - Cost of Living.
  - Sustainable Development.
  - Local Equality.
9. **Environmental and Climate Risk** N/A.
10. **Risk** N/A.
11. **Procurement** N/A.
12. **Health and Safety** N/A.
13. **Property and Assets** N/A.
14. **Information Technology** N/A.
15. **Cost of Living** N/A.

### **List of Background Papers**

Policy and Resources Committee, 27 February 2024, Budget and Council Tax Level for 2024/25.

Policy and Resources Committee, 18 June 2024, Detailed Revenue Budgets

### **Annexes**

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

**Annex 1: Financial Summary**

September 2024

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

<b>Non-General Fund</b>					
<b>Service Area</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Sundry Accounts	534.2	329.0	205.2	162.4	0.0
Repairs & Maintenance	1,051.4	969.2	82.2	108.5	2,320.0
	<b>1,585.6</b>	<b>1,298.2</b>	<b>287.4</b>	<b>122.1</b>	<b>2,320.0</b>
<b>Service Totals</b>	<b>1,585.6</b>	<b>1,298.2</b>	<b>287.4</b>	<b>122.1</b>	<b>2,320.0</b>

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

<b>Service Area</b>	<b>No. of PAs</b>		<b>Service Functions</b>	<b>PAs/ Function</b>
	<b>P05</b>	<b>P06</b>		
Sundry Accounts	2	2	5	40%
Repairs & Maintenance	1	2	2	100%
<b>Totals</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>57%</b>

The following tables show the spending position by service function

### Non-General Fund

<b>Sundry Accounts</b>	<b>PA</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Utilities Holding A/C	<b>1B</b>	(4.9)	(154.1)	149.2	3.2	0.0
Insurance Holding A/C		462.5	462.9	(0.4)	99.9	0.0
Telephones Holding A/C	<b>1B</b>	71.0	0.0	71.0	0.0	0.0
Photocopiers Holding A/C		4.3	14.3	(10.0)	30.1	0.0
Postages Holding A/C		1.3	5.9	(4.6)	22.0	0.0
<b>Service Total</b>		<b>534.2</b>	<b>329.0</b>	<b>205.2</b>	<b>162.4</b>	<b>0.0</b>

<b>Repairs &amp; Maintenance</b>	<b>PA</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
R & M General Fund	<b>1B</b>	714.6	587.8	126.8	121.6	1,822.0
Ground Maintenance	<b>1B</b>	336.8	381.4	(44.6)	88.3	498.0
<b>Service Total</b>		<b>1,051.4</b>	<b>969.2</b>	<b>82.2</b>	<b>108.5</b>	<b>2,320.0</b>

## Sundry Accounts

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R45C	<p><b>Utilities Holding A/C</b></p> <p>More than anticipated expenditure by £149.2K</p> <p>This overspend is due to electricity prices remaining higher than budgeted.</p>	<p><b>Monitor the situation</b></p> <p>A briefing on this has been circulated to members explaining in further detail. This situation will continue to be monitored, and the full budget implications will be considered as part of the budget setting process for 25/26.</p>	Kenny Macpherson	31/12/2024	Ongoing
R45F	<p><b>Telephones Holding A/C</b></p> <p>More than anticipated expenditure by £71.0K</p> <p>Variance due to a delay in recharges being applied. The delay was necessary as some of the invoice information needed to allocate recharges to the correct services was missing which meant the time required to correctly allocate costs exceeded the budget report deadline, hence the reported variance.</p>	<p><b>Process transaction(s)</b></p> <p>These charges have now been applied. No action required.</p>	Kenny Macpherson	31/10/2024	Ongoing

## Repairs &amp; Maintenance

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R41A	<p><b>R &amp; M General Fund</b></p> <p>More than anticipated expenditure by £126.8K</p> <p>There have been large, one-off expenses in the first half of this financial year. These are in addition to routine maintenance work and include replacing a timber floor as part of a cyclical five-year plan and fixing water systems that needed attention to minimise the likelihood of legionella.</p>	<p><b>Monitor the situation</b></p> <p>A virement has been processed to create additional budget from areas with underspends and some expenses will be recouped through invoices to external bodies.</p>	Kenny Macpherson	31/12/2024	New
R41G	<p><b>Ground Maintenance</b></p> <p>Less than anticipated expenditure by £44.6K</p> <p>Profiles were recently adjusted to take into account the fact that spend is not linear. This adjustment reflected the fact that costs are index linked but over-estimated the inflationary increase on invoiced costs, hence spend is behind that expected.</p>	<p><b>No action required</b></p> <p>No action required.</p>	Lorna Richardson	31/12/2024	Ongoing