

Item: 4.3

Policy and Resources Committee: 21 February 2023.

Revenue Expenditure Monitoring – Summary.

Report by Head of Finance.

1. Purpose of Report

To advise of the summary revenue position as at 31 December 2022 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 31 December 2022, attached as Annex 1 to this report, indicating the following:

- A total General Fund overspend of £1,994,600.
- A deficit in Sources of Funding of £1,651,200.
- A net Non-General Fund deficit of £22,963,000.

2.2.

The financial detail across individual Sources of Funding for the period 1 April to 31 December 2022, 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 10 March 2022, the Council set its overall revenue budget for financial year 2022/23. On 21 June 2022, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2022/23, 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 Corporate 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 for the period 1 April to 31 December 2022 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.

7. Legal Aspects

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

8. Contact Officer

Erik Knight, Head of Finance, Email erik.knight@orkney.gov.uk.

9. Annexes

Annex 1: Financial Summary.

Annex 2: Financial Detail by Sources of Funding.

Annex 3: Budget Action Plan.

Annex 1: Revenue Expenditure Summary

December 2022

General Fund	Spend	Budget	Over/(Under)	Spend	Annual
Service Area	£000	£000	£000	%	Budget
					£000
Roads	3,288.7	2,169.9	1,118.8	151.6	3,949.9
Transportation	2,255.1	2,132.4	122.7	105.8	3,602.9
Operational Environmental Services	1,876.6	1,645.8	230.8	114.0	3,028.3
Environmental Health & Trading Standards	609.5	616.4	(6.9)	98.9	1,031.2
Development	1,040.7	1,327.9	(287.2)	78.4	5,247.9
Planning	604.2	834.3	(230.1)	72.4	1,246.7
Development & Infrastructure	9,674.8	8,726.7	948.1	110.9	18,106.9
Education	26,817.4	26,185.2	632.2	102.4	39,014.1
Leisure & Cultural Services	3,297.2	3,112.4	184.8	105.9	4,781.6
Other Housing	728.2	1,159.5	(431.3)	62.8	1,917.2
Education, Leisure & Housing	30,842.8	30,457.1	385.7	101.3	45,712.9
Social Care	17,880.8	16,484.0	1,396.8	108.5	24,171.7
Orkney Health & Care	17,880.8	16,484.0	1,396.8	108.5	24,171.7
Central Administration	7,906.4	8,592.3	(685.9)	92.0	(4.4)
Law, Order & Protective Services	58.6	60.7	(2.1)	96.5	120.5
Other Services	1,718.6	1,766.6	(48.0)	97.3	11,300.2
Policy & Resources	9,683.6	10,419.6	(736.0)	92.9	11,416.3
Total Service Spending	68,082.0	66,087.4	1,994.6	103.0	99,407.8
Sources of Funding					
Non-Domestic Rates	(9,715.5)	(9,715.5)	0.0	100.0	(12,954.0)
Council Tax	(7,829.4)	(7,486.0)	(343.4)	104.6	(10,489.0)
Revenue Support Grant	(43,307.3)	(43,307.3)	0.0	100.0	(57,858.6)
Movement in Reserves	(9,051.1)	(9,051.1)	0.0	100.0	(14,968.4)
Total Income	(69,903.3)	(69,559.9)	(343.4)	100.5	(96,270.0)
Net Service Spending	(1,821.3)	(3,472.5)	1,651.2	52.4	3,137.8

Annex 1: Revenue Expenditure Summary

December 2022

<u>Non-General Fund</u>	Spend	Budget	Over/(Under) Spend		Annual
Service Area	£000	£000	£000	%	Budget
					£000
Sundry Accounts	184.3	185.4	(1.1)	99.4	0.0
Repairs & Maintenance	1,511.9	1,253.9	258.0	120.6	2,121.3
Asset Management Sub-Committee	1,696.2	1,439.3	256.9	117.8	2,121.3
Housing Revenue Account	(786.1)	(533.4)	(252.7)	147.4	0.0
Orkney College	508.7	529.0	(20.3)	96.2	0.0
Education, Leisure & Housing	(277.4)	(4.4)	(273.0)	6,304.5	0.0
Scapa Flow Oil Port	131.9	(1,946.5)	2,078.4	(6.8)	(539.0)
Miscellaneous Piers & Harbours	(674.3)	(1,622.2)	947.9	41.6	1,936.1
Harbour Authority Sub-Committee	(542.4)	(3,568.7)	3,026.3	15.2	1,397.1
Strategic Reserve Fund	18,014.4	(1,938.4)	19,952.8	(929.3)	(5,670.4)
Investments Sub-Committee	18,014.4	(1,938.4)	19,952.8	(929.3)	(5,670.4)
IJB	0.0	0.0	0.0	0.0	(446.0)
Policy & Resources	0.0	0.0	0.0	0.0	(446.0)
Net Service Spending	18,890.8	(4,072.2)	22,963.0	(463.9)	(2,598.0)

Annex 2: Financial Detail by Service Area

December 2022

The following table shows the spending position by service function

Sources of Funding	PA	Spend £000	Budget Over/(Under) £000	Spend %	Annual Budget £000
Non-Domestic Rates		(9,715.5)	(9,715.5)	100.0	(12,954.0)
Council Tax	1C	(7,829.4)	(7,486.0)	104.6	(10,489.0)
Revenue Support Grant		(43,307.3)	(43,307.3)	100.0	(57,858.6)
Movement in Reserves		(9,051.1)	(9,051.1)	100.0	(14,968.4)
Service Total		(69,903.3)	(69,559.9)	100.5	(96,270.0)

Changes in original budget position:

Original Net Budget	(89,995.1)
Summer Holiday Provision funding	(40.6)
Ph II Corp Mgt Restructure Workforce	(407.9)
Environmental Technical Officer	(27.0)
Create CDF Budget for 22/23	(120.0)
Create budget for OPOP consultant	(50.0)
Islands Deal from RRR Fund	(99.4)
Temp PT2 Post for KGS from Workforce Mgt Fund	(43.0)
Additional Ed Recovery from Redeterminations Fund	(110.3)
Disability Assist from Redeterminations Fund	(10.0)
CO2 Monitors from Redeterminations Fund	(15.0)
Employability NOLB from Redeterminations Fund	(39.7)
Employability PESF from Redeterminations Fund	(28.2)
Employability PESF Boost from Redeterminations Fund	(15.1)
Employability Young Persons Guarantee from Redeterminations Fund	(130.9)
Covid Staff from Redeterminations Fund	(145.3)
Scapa Flow Museum contribution from Crown Estate Fund	(70.0)
Environmental Monitoring System & Contactless pliers from R&C Fund	(6.1)
Roads Revenue Maintenance from R&R	(683.4)
Ferries Replacement Project Officer from R&R	(59.3)
SusTrans Embedded Officer from Crown Estates Fund	(27.0)
Sustainable & Green Transport Fund projects	(67.5)
APSE Consultants Waste from Workforce Mgt Fund	(25.5)
Business Support Fund	(2,413.6)
COVID Support Funding from Business Support Fund	(381.8)
Marine Planning Partnership from Crown Estates Fund	(25.0)
Climate Change Officer from Crown Estates Fund	(70.0)
Strategic Projects Scheme from RRR Fund	(24.3)
Rousay, Egilsay & Wyre SCIO from Crown Estates	(13.8)
Kirkwall TCR (Gardens) from RRR Fund	(33.5)
Orkney Sustainable Fisheries from Crown Estates	(69.5)
LHEES Funding 2022.23	(75.0)
VAO Funding from Discretionary Fund	(85.0)
VAO Funding from Discretionary fund	(7.6)
Kickstart Funding	(106.6)
Setup budget profile	(20.0)
Setup budget profile	(175.0)

LACER Funding	(521.0)
Tall Ships	(2.0)
Crown Estate for Naturescot Project	<u>(30.0)</u>
	<u>(96,270.0)</u>

Sources of Funding

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R37C	Council Tax More than anticipated income by £343.4K Council Tax receipts front ended by cost-of-living payment paid in bulk to households in Quarter 1 of current financial year.	Monitor the situation Continue to monitor situation	Erik Knight	31/01/2023	Ongoing