

Item: 5.2

Policy and Resources Committee: 25 September 2018.

Revenue Expenditure Monitoring – Summary.

Report by Head of Finance.

1. Purpose of Report

To advise of the summary revenue position as at 30 June 2018 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 2018, attached as Annex 1 to this report, indicating the following:

- A total General Fund underspend of £865,700.
- A deficit in Sources of Funding of £23,300.
- A net Non-General Fund surplus of £5,820,100.

2.2.

The financial detail across individual Sources of Funding for the period 1 April to 30 June 2018, attached as Annex 2 to this report.

3. Introduction

At the Special General Meeting held on 22 February 2018, as part of the budget setting process for 2018 to 2019, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2018 to 2019.

4. Background

4.1.

Individual revenue expenditure monitoring reports are circulated as briefing reports every month in order to inform committee members of the up to date financial position. Quarterly revenue expenditure monitoring reports are now being presented to individual service committees. This quarterly report replaces the need for a monthly budget briefing this reporting period.

4.2.

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.

4.3.

Material variances are identified automatically as Priority Actions within individual budget cost centres according to the following criteria:

- £10,000 and 10% more or less than Anticipated position (1b).
- £50,000 more or less than Anticipated position (1c).

4.4.

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.

4.5.

The details have been provided following consultation with the relevant Executive Directors and their staff. In addition to the variances generated in the current month, the variances reported in previous reporting periods will remain within the Budget Action Plan until these actions have been completed.

4.6.

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.

5. Financial Summary

5.1.

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

5.2.

The financial detail across individual Sources of Funding is attached as Annex 2 to this report.

6. 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.

7. Financial Implications

7.1.

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.

7.2.

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.

8. Legal Aspects

Financial monitoring and reporting helps the Council meet its statutory obligation to secure best value.

9. Contact Officer

Gareth Waterson, Head of Finance, extension 2103, Email gareth.waterson@orkney.gov.uk

10. Annexes

Annex 1: Financial summary.

Annex 2: Financial details by Sources of Funding.

Annex 1: Revenue Expenditure Summary

General Fund Service Area	Spend £000	Budget £000	Over/Under Spend		Annual Budget £000
			£000	%	
Roads	596.4	847.6	-251.2	70.4	2,964.4
Transportation	716.0	728.3	-12.3	98.3	6,584.7
Operational Environmental Services	-126.4	119.7	-246.1	-105.6	2,280.5
Environmental Health & Trading Standards	167.2	165.2	2.0	101.2	865.3
Development	748.7	777.9	-29.2	96.2	2,496.5
Planning	99.1	153.4	-54.3	64.6	930.8
Development & Infrastructure	2,201.0	2,792.1	-591.1	78.8	16,122.2
Education	7,953.3	8,008.3	-55.0	99.3	30,708.4
Leisure & Cultural Services	1,291.9	1,310.4	-18.5	98.6	4,122.2
Other Housing	640.4	554.4	86.0	115.5	1,470.5
Education, Leisure & Housing	9,885.6	9,873.1	12.5	100.1	36,301.1
Social Care	4,548.0	4,578.2	-30.2	99.3	18,553.8
Orkney Health & Care	4,548.0	4,578.2	-30.2	99.3	18,553.8
Central Administration	2,358.6	2,590.8	-232.2	91.0	113.2
Law, Order & Protective Services	15.4	17.0	-1.6	90.6	112.2
Other Services	535.1	558.2	-23.1	95.9	11,788.2
Policy & Resources	2,909.1	3,166.0	-256.9	91.9	12,013.6
Total Service Spending	19,543.7	20,409.4	-865.7	95.8	82,990.7
Sources of Funding					
Non-Domestic Rates	-2,344.0	-2,343.9	-0.1	100.0	-9,376.0
Council Tax	-2,147.8	-2,171.8	24.0	98.9	-8,851.0
Revenue Support Grant	-14,764.0	-14,763.4	-0.6	100.0	-59,056.0
Movement in Reserves	-4,962.2	-4,962.2	0.0	100.0	-5,707.7
Total Income	-24,218.0	-24,241.3	23.3	99.9	-82,990.7
Net Service Spending	-4,674.3	-3,831.9	-842.4	122.0	0.0

Annex 1: Revenue Expenditure Summary

<u>Non-General Fund</u> Service Area	Spend	Budget	Over/Under Spend		Annual
	£000	£000	£000	%	Budget
					£000
Sundry Accounts	544.3	760.6	-216.3	71.6	0.0
Repairs & Maintenance	-1,609.3	-1,708.3	99.0	94.2	0.0
Asset Management Sub-Committee	-1,065.0	-947.7	-117.3	112.4	0.0
Housing Revenue Account	566.4	554.3	12.1	102.2	0.0
Orkney College	231.2	126.7	104.5	182.5	0.0
Education, Leisure & Housing	797.6	681.0	116.6	117.1	0.0
Scapa Flow Oil Port	-938.9	-725.7	-213.2	129.4	-1,257.3
Miscellaneous Piers & Harbours	-75.3	71.0	-146.3	-106.1	520.9
Harbour Authority Sub-Committee	-1,014.2	-654.7	-359.5	154.9	-736.4
Strategic Reserve Fund	-3,266.5	2,193.4	-5,459.9	-148.9	-6,849.5
Investments Sub-Committee	-3,266.5	2,193.4	-5,459.9	-148.9	-6,849.5
Net Service Spending	-4,548.1	1,272.0	-5,820.1	-357.6	-7,585.9

Annex 2: Financial Detail by Service Area

The following table shows the spending position by service function

Sources of Funding	PA	Spend £000	Budget £000	Over/Under £000	Spend %	Annual Budget £000
Non-Domestic Rates		-2,344.0	-2,343.9	-0.1	100.0	-9,376.0
Council Tax		-2,147.8	-2,171.8	24.0	98.9	-8,851.0
Revenue Support Grant		-14,764.0	-14,763.4	-0.6	100.0	-59,056.0
Movement in Reserves		-4,962.2	-4,962.2	0.0	100.0	-5,707.7
Service Total		-24,218.0	-24,241.3	23.3	99.9	-82,990.7

Changes in original budget position:

Original Net Budget	-82,022.2
HR System Development from Innovation Fund	-62.7
Customer Services Platform from Innovation Fund	-135.3
Integra System Development from Innovation Fund	-48.7
Kirkwall Bid from Economic Development Grants Fund	-11.5
Kirkwall THI from RRR Fund	-169.4
Kirkwall THI Training from RRR Fund	-29.8
Kirkwall THI Public Realm from RRR Fund	-258.4
Office 365 Project from Repairs and Renewals Fund	-47.6
Empowering Communities from Sustainable Communities Fund	-96.4
Key Management Project from Innovation Fund	-5.0
Orkney Digital Media Project from Economic Development Grants Fund	-43.1
Pathfinder Project from Repairs and Renewals Fund	-60.6
	-82,990.7