

## **Item: 4.2**

**Policy and Resources Committee: 24 September 2019.**

**Summary Revenue Expenditure Outturn.**

**Report by 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 2018 to 2019.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

The revenue expenditure outturn statement for financial year 2018 to 2019, attached as Annex 1 to this report, indicating the following:

- A total General Fund overspend of £367,600.
- A surplus in Sources of Funding for General Fund Services of £122,600.
- A net Non-General Fund surplus of £10,258,500.

#### **2.2.**

The explanations given and actions proposed in respect of significant budget variances across Sources of Funding, as outlined in the Budget Action Plan, attached as Annex 2 to this report.

### **3. Background**

#### **3.1.**

On 22 February 2018, the Council set its overall revenue budget for financial year 2018 to 2019. On 17 April 2018, the Policy and Resources Committee 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 as briefing reports 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:

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

### **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 outturn statement is attached as Annex 1 to this report.

### **4.2.**

The Budget Action Plan, attached as Annex 2 to this report, provides an explanation and proposed corrective action for each of the Priority Actions identified across Sources of Funding.

## **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**

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

## **8. Contact Officers**

John Mundell, Interim Chief Executive, extension 2101, Email [chief.executive@orkney.gov.uk](mailto:chief.executive@orkney.gov.uk).

Gareth Waterson, Head of Finance, extension 2103, Email [gareth.waterson@orkney.gov.uk](mailto:gareth.waterson@orkney.gov.uk).

## **9. Annex**

Annex 1: Summary Revenue Expenditure Outturn Statement.

Annex 2: Budget Action Plan.

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2018 to 2019

<b>General Fund</b>	<b>Actual</b>	<b>Anticipated</b>	<b>Over/Under</b>		<b>Annual</b>
<b>Service Area</b>	<b>Net</b>	<b>Net</b>	<b>Spend</b>		<b>Net</b>
	<b>Spend</b>	<b>Spend</b>	<b>£000</b>	<b>%</b>	<b>Budget</b>
	<b>£000</b>	<b>£000</b>			<b>£000</b>
Roads	3,318.8	3,385.1	-66.3	98.0	3,385.1
Transportation	6,643.2	6,580.9	62.3	100.9	6,580.9
Operational Environmental Services	2,822.8	2,492.1	330.7	113.3	2,492.1
E/Health and Trading Standards	878.7	851.0	27.7	103.3	851.0
Development	2,094.6	2,221.7	-127.1	94.3	2,221.7
Planning	885.2	930.2	-45.0	95.2	930.2
<b>Development and Infrastructure</b>	<b>16,643.3</b>	<b>16,461.0</b>	<b>182.3</b>	<b>101.1</b>	<b>16,461.0</b>
Education	31,915.9	31,705.5	210.4	100.7	31,705.5
Leisure and Cultural Services	4,335.3	4,208.8	126.5	103.0	4,208.8
Other Housing	1,363.9	1,499.0	-135.1	91.0	1,499.0
<b>Education, Leisure and Housing</b>	<b>37,615.1</b>	<b>37,413.3</b>	<b>201.8</b>	<b>100.5</b>	<b>37,413.3</b>
Social Care	19,389.5	19,389.5	0.0	100.0	19,389.5
<b>Orkney Health and Care</b>	<b>19,389.5</b>	<b>19,389.5</b>	<b>0.0</b>	<b>100.0</b>	<b>19,389.5</b>
Central Administration	-268.8	49.1	-317.9	n/a	49.1
Law, Order and Protective Services	109.4	112.3	-2.9	97.4	112.3
Other Services	10,816.4	10,512.1	304.3	102.9	10,512.1
<b>Policy and Resources</b>	<b>10,657.0</b>	<b>10,673.5</b>	<b>-16.5</b>	<b>99.8</b>	<b>10,673.5</b>
<b>Total Service Spending</b>	<b>84,304.9</b>	<b>83,937.3</b>	<b>367.6</b>	<b>100.4</b>	<b>83,937.3</b>
<b>Sources of Funding</b>					
Non-Domestic Rates	-9,376.0	-9,376.0	0.0	100.0	-9,376.0
Council Tax	-8,996.3	-8,851.0	-145.3	101.6	-8,851.0
Revenue Support Grant	-59,345.0	-59,344.7	-0.3	100.0	-59,344.7
Movement in Reserves	-6,342.6	-6,365.6	23.0	99.6	-6,365.6
<b>Total Income</b>	<b>-84,059.9</b>	<b>-83,937.3</b>	<b>-122.6</b>	<b>100.1</b>	<b>-83,937.3</b>

**Net Service Spending**

**245.0**

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2018 to 2019

	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	2,104.4	1,998.3	106.1	105.3	1,998.3
Sundry Accounts	3,794.7	4,026.7	-232.0	94.2	4,026.7
<b>Asset Management Sub-Committee</b>	<b>5,899.1</b>	<b>6,025.0</b>	<b>-125.9</b>	<b>97.9</b>	<b>6,025.0</b>
Scapa Flow Oil Port	-4,726.6	-1,257.3	-3469.3	375.9	-1,257.3
Miscellaneous Piers	-374.4	520.9	-895.3	n/a	520.9
<b>Harbour Authority Sub-Committee</b>	<b>-5,101.0</b>	<b>-736.4</b>	<b>-4,364.6</b>	<b>692.7</b>	<b>-736.4</b>
Housing Revenue Account	-280.6	0.0	-280.6	n/a	0.0
Orkney College	103.2	0.0	103.2	n/a	0.0
<b>Education, Leisure and Housing</b>	<b>-177.4</b>	<b>0.0</b>	<b>-177.4</b>	<b>n/a</b>	<b>0.0</b>
Strategic Reserve Fund	-12,440.1	-6,849.5	-5,590.6	181.6	-6,849.5
<b>Investment Sub-Committee</b>	<b>-12,440.1</b>	<b>-6,849.5</b>	<b>-5,590.6</b>	<b>181.6</b>	<b>-6,849.5</b>
<b>Net Service Spending</b>	<b>-11,819.4</b>	<b>-1,560.9</b>	<b>-10,258.5</b>	<b>757.2</b>	<b>-1,560.9</b>

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2018 to 2019

### Sources of Funding

Non-Domestic Rates		-9,376.0	-9,376.0	0.0	100.0	-9,376.0
Council Tax	<b>1c</b>	-8,996.3	-8,851.0	-145.3	101.6	-8,851.0
Revenue Support Grant		-59,345.0	-59,344.7	-0.3	100.0	-59,344.7
Movement in Reserves		-6,342.6	-6,365.6	23.0	99.6	-6,365.6
<b>Total Income</b>		<b>-84,059.9</b>	<b>-83,937.3</b>	<b>-122.6</b>	<b>100.1</b>	<b>-83,937.3</b>

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2018 to 2019

### **Budget Summary**

Original Net Budget	-82,022.2
Redetermination - Access to Sanitary Products - Schools	-7.7
Redetermination - Access to Sanitary Products - Public Bodies	-6.0
Redetermination - Free Child Burials	-1.0
Redetermination - Whole System Approach	-25.0
Redetermination - Rapid Response Transition Plan - Homelessness	-30.0
Redetermination - School Clothing Grant	-10.0
Redetermination - Teachers Induction Scheme	-155.0
Redetermination - Child Poverty Action Reports	-5.0
Redetermination - Teachers Pays	-49.0
Innovation Fund - Customer Services Platform (CSP)	-105.7
Innovation Fund - HR System Development	-54.2
Innovation Fund - Integra System Development	-45.7
Innovation Fund - Key Management System	-5.0
Innovation Fund - Encourage Better Recycling	-23.1
Innovation Fund - Encourage Commercial Waste	-43.0
Economic Development Fund - Business Gateway ERDF	-17.8
Economic Development Fund - Kirkwall Bid	-10.4
Economic Development Fund - Orkney Digital Media Project	-47.1
RRR Fund - Kirkwall THI	-119.7
RRR Fund - Kirkwall THI Training	-23.6
RRR Fund - Environmental Designations	-4.0
RRR Fund - Caisson Project	-0.5
Recreation Projects Fund - Active Life set-up costs	-30.2
Recreation Project Fund - WW1 Commemorations Funding	-0.8
R&R Fund - Contribution to new fridge freezers	-4.0
R&R Fund - Demolition of Tar Plant at Cursiter Quarry	-47.9
R&R Fund - Barrier 2 contribution to Roads	-3.3
R&R Fund - SG Grant Potholes to Roads Service	-120.0
R&R Fund - Improved safety Measures to Roads Service	-107.1
R&R Fund - Integrated Waste Facility	-1.4
R&R Fund - Office 365	-16.0
R&R Fund - Pathfinder Project	-28.1
Sustainable Communities Fund Contribution - Empowering Communities	-81.6
Local Works and Services Contribution - Pick-up-three-pieces campaign	-1.3
Local Works and Services Contribution - Youth Café	-1.0
Local Works and Services Contribution - Scrap Cars Scheme	-6.8
Outwith Orkney Placements Fund - OHAC	-431.5
Outwith Orkney Placements Fund - Education	-453.2
Devolved School Management Movement 2018/19	-34.5
SRF Fund - North Isles Landscape Development	-2.9
General Fund Deficit 2018/19	245.0
<b>Revised Net Budget</b>	<b>-83,937.3</b>

**Annex 2:****Budget Action Plan**

<b>Sources of Funding</b>			
<b>Function</b>	<b>Function Description / Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>
<b>R37C</b>	<b>Council Tax</b>  More than anticipated income by £145.3K  There are now more chargeable dwellings so that expected income levels now exceed the budgeted level.	The 2018/19 budget was set at 99.0% of the Band D equivalent properties based on the position as at September 2017 as returned to the Scottish Government.	<b>G Waterson</b>