

Item: 5.3

Policy and Resources Committee: 20 September 2022.

Revenue Expenditure Monitoring – Summary.

Joint Report by Chief Executive and Head of Finance.

1. Purpose of Report

To advise of the summary revenue position as at 30 June 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 30 June 2022, attached as Annex 1 to this report, indicating the following:

- A total General Fund overspend of £1,157,800.
- A deficit in Sources of Funding of £457,900.
- A net Non-General Fund deficit of £7,515,500.

2.2.

The financial detail across individual Sources of Funding for the period 1 April to 30 June 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 30 June 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 Officers

John W Mundell, Interim Chief Executive, Email john.mundell@orkney.gov.uk

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

9. Annexes

Annex 1: Financial summary.

Annex 2: Financial details by Sources of Funding.

Annex 3: Budget Action Plan.

Annex 1: Revenue Expenditure Summary

June 2022

General Fund Service Area	Spend £000	Budget £000	Over/(Under) Spend		Annual Budget £000
			£000	%	
Roads	880.8	949.1	(68.3)	92.8	3,949.9
Transportation	4,673.7	2,428.8	2,244.9	192.4	3,602.9
Operational Environmental Services	(51.5)	205.0	(256.5)	-25.1	3,028.3
Environmental Health & Trading Standards	186.8	190.3	(3.5)	98.2	1,031.2
Development	290.9	829.9	(539.0)	35.1	4,608.1
Planning	230.3	221.1	9.2	104.2	1,216.7
Development & Infrastructure	6,211.0	4,824.2	1,386.8	128.7	17,437.1
Education	10,815.8	10,737.5	78.3	100.7	38,823.1
Leisure & Cultural Services	1,613.7	1,573.3	40.4	102.6	4,568.0
Other Housing	377.0	703.3	(326.3)	53.6	1,842.2
Education, Leisure & Housing	12,806.5	13,014.1	(207.6)	98.4	45,233.3
Social Care	5,994.7	5,742.2	252.5	104.4	24,171.7
Orkney Health & Care	5,994.7	5,742.2	252.5	104.4	24,171.7
Central Administration	2,954.2	3,087.5	(133.3)	95.7	0.0
Law, Order & Protective Services	16.7	18.2	(1.5)	91.8	120.5
Other Services	513.2	652.3	(139.1)	78.7	11,211.2
Policy & Resources	3,484.1	3,758.0	(273.9)	92.7	11,331.7
Total Service Spending	28,496.3	27,338.5	1,157.8	104.2	98,173.8
Sources of Funding					
Non-Domestic Rates	(3,238.5)	(3,238.5)	0.0	100.0	(12,954.0)
Council Tax	(2,236.7)	(2,406.4)	169.7	92.9	(10,489.0)
Revenue Support Grant	(14,435.8)	(14,435.8)	0.0	100.0	(57,783.6)
Movement in Reserves	(8,762.9)	(9,051.1)	288.2	96.8	(13,904.4)
Total Income	(28,673.9)	(29,131.8)	457.9	98.4	(95,131.0)
Net Service Spending	(177.6)	(1,793.3)	1,615.7	9.9	3,042.8

Annex 1: Revenue Expenditure Summary

June 2022

<u>Non-General Fund</u>	Spend	Budget	Over/(Under) Spend		Annual
Service Area	£000	£000	£000	%	Budget
					£000
Sundry Accounts	46.9	195.0	(148.1)	24.1	0.0
Repairs & Maintenance	402.1	316.4	85.7	127.1	2,121.3
Asset Management Sub-Committee	449.0	511.4	(62.4)	87.8	2,121.3
Housing Revenue Account	1,135.3	1,169.9	(34.6)	97.0	0.0
Orkney College	(4.2)	83.0	(87.2)	-5.1	0.0
Education, Leisure & Housing	1,131.1	1,252.9	(121.8)	90.3	0.0
Scapa Flow Oil Port	(644.7)	(678.2)	33.5	95.1	(539.0)
Miscellaneous Piers & Harbours	744.8	254.8	490.0	292.3	1,936.2
Harbour Authority Sub-Committee	100.1	(423.4)	523.5	-23.6	1,397.2
Strategic Reserve Fund	13,347.6	6,171.4	7,176.2	216.3	(5,575.4)
Investments Sub-Committee	13,347.6	6,171.4	7,176.2	216.3	(5,575.4)
Net Service Spending	15,027.8	7,512.3	7,515.5	200.0	(2,056.9)

Annex 2: Financial Detail by Service Area

June 2022

The following table shows the spending position by service function

Sources of Funding	PA	Spend	Budget Over/(Under)	Spend	Annual	
		£000	£000	£000	%	Budget £000
Non-Domestic Rates		(3,238.5)	(3,238.5)	0.0	100.0	(12,954.0)
Council Tax	1C	(2,236.7)	(2,406.4)	169.7	93.0	(10,489.0)
Revenue Support Grant		(14,435.8)	(14,435.8)	0.0	100.0	(57,783.6)
Movement in Reserves	1C	(8,762.9)	(9,051.1)	288.2	96.8	(13,904.4)
Service Total		(28,673.9)	(29,131.8)	457.9	98.4	(95,131.0)

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 from Redetermination Flex Fund	(27.0)
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 Estates 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)
Create CDF Budget for 22/23	(120.0)
Create budget for OPOP Consultancy	(50.0)
	(95,131.0)

Sources of Funding

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R37C	<p>Council Tax</p> <p>Less than anticipated income by £169.6K</p> <p>Tax receipts impacted by cost of living payment paid in bulk to households in Quarter 1 of financial year.</p>	<p>Monitor the situation</p> <p>Continue to monitor situation</p>	Colin Kemp	27/07/2022	Ongoing
R37U	<p>Movement in Reserves</p> <p>Less than anticipated income by £288.2K</p> <p>Budgeted contributions from reserves for Council priorities, such as running costs for the new Nursery provision, still to be processed for current financial year.</p>	<p>Management input required</p> <p>Position to be reviewed in light of progress with the capital project.</p>	Colin Kemp	31/07/2022	Ongoing