

**POLICY AND RESOURCES COMMITTEE: 27 SEPTEMBER 2016**

**REVENUE EXPENDITURE OUTTURN REPORT  
FOR FINANCIAL YEAR 2015/16**

**JOINT REPORT BY CHIEF EXECUTIVE,  
EXECUTIVE DIRECTOR OF CORPORATE SERVICES, AND  
EXECUTIVE DIRECTOR OF DEVELOPMENT AND INFRASTRUCTURE**

**1. PURPOSE OF REPORT**

- 1.1 To advise of the revenue outturn position across each of the Service Areas for financial year 2015/16 for which the Committee is responsible.

**2. RECOMMENDATIONS**

The Committee is invited to note:-

- 2.1 the revenue expenditure outturn statement in respect of the undernoted services for financial year 2015/16, indicating a General Fund underspend of £1,257,000:-
- 2.1.1 Central Administration;
  - 2.1.2 Law, Order and Protective Services; and
  - 2.1.3 Other Services;
- 2.2 the explanations given and actions proposed, in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 2 to this report.

**3. POLICY ASPECTS**

- 3.1 This report relates to the Council complying with its governance and financial processes and procedures and therefore does not relate specifically to progressing the Council's priorities.

**4. INTRODUCTION**

- 4.1 At its Special General Meeting held on 12 February 2015, as part of the budget setting process for 2015/16, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2015/16.

## 5. **BACKGROUND**

- 5.1 Individual revenue expenditure monitoring reports (REMRs) are circulated as briefing reports every month in order to inform committee members of the up to date financial position. This quarterly report replaces the need for a monthly budget briefing this reporting period.
- 5.2 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.
- 5.3 Material variances are identified automatically as Priority Actions (PAs) within individual budget cost centres according to the following criteria:-
- 5.3.1 £10,000 **and** 10% more or less than Anticipated position (1b);
- 5.3.2 £50,000 more or less than Anticipated position (1c).
- 5.4 Priority Actions can be identified at the Service Function level according to the same criteria and these are shown in the Revenue Expenditure Statements shown in Annex 1. 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 in Annex 2.
- 5.5 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.
- 5.6 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.

## 6. **FINANCIAL SUMMARY**

- 6.1 Annex 1 provides the detailed position by Service Area by Service Function. The table below provides a summary of the position across all Service Areas.

	<b>Spend</b>	<b>Budget</b>	<b>Over/Under</b>		<b>Annual</b>
	<b>£000</b>	<b>£000</b>	<b>Spend</b>		<b>Budget</b>
<b>General Fund Services</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>£000</b>
Central Administration	0	0	0	n/a	0
Law, Order and Protective	130	109	21	119.3	109
Other Services	9,099	10,377	-1,278	87.7	10,377
<b>Service Totals</b>	<b>9,229</b>	<b>10,486</b>	<b>-1,257</b>	<b>88.0</b>	<b>10,486</b>

- 6.2 The budget underspend across the General Fund service areas is £1,257K, alternatively expressed as 88.0% of the anticipated net spending position for the year.

- 6.3 The Budget Action Plan attached as Annex 2 provides an explanation and proposed corrective action for each of the Priority Actions identified.

## **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.
- 7.3 The outturn statements include a number of accounting entries required to comply with proper accounting practice, including International Financial Reporting Standards (IFRS). This includes accounting for the use of fixed assets e.g. depreciation and revaluations, current service cost of pensions and accumulated staff absences.

## **8. LEGAL ASPECTS**

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

## **9. CONTACT OFFICERS**

- 9.1 Alistair Buchan, Chief Executive, Ext 2101  
[chief.executive@orkney.gov.uk](mailto:chief.executive@orkney.gov.uk)
- 9.2 Gillian Morrison, Executive Director of Corporate Services, Ext 2103  
[gillian.morrison@orkney.gov.uk](mailto:gillian.morrison@orkney.gov.uk)
- 9.3 Gavin Barr, Executive Director of Development and Infrastructure, Ext 2301  
[gavin.barr@orkney.gov.uk](mailto:gavin.barr@orkney.gov.uk)
- 9.4 Gareth Waterson, Head of Finance, Ext 2103  
[gareth.waterson@orkney.gov.uk](mailto:gareth.waterson@orkney.gov.uk)

## **10. ANNEXES**

- 10.1 Annex 1: Revenue Expenditure Outturn Statement for 2015/16  
10.2 Annex 2: Budget Action Plans

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2015/16

<b>Central Administration</b>	<b>PA</b>	<b>Spend</b>	<b>Budget</b>	<b>Over/Under</b>		<b>Annual</b>
		<b>£000</b>	<b>£000</b>	<b>Spend</b>	<b>%</b>	<b>Budget</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>
Chief Executive		18	18	0	100.0	18
Administration		135	135	0	100.0	135
Finance		39	39	0	100.0	39
Development and Env Services		147	147	0	100.0	147
Energy Efficiency Fund		-12	-12	0	100.0	-12
Administration of Buildings		117	117	0	100.0	117
Administration Holding Accounts		-15	-15	0	100.0	-15
Legal Services		25	25	0	100.0	25
Cleaning Holding Accounts		61	61	0	100.0	61
Movement in Reserves		-515	-515	0	100.0	-515
<b>Service Totals</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>n/a</b>	<b>0</b>

### **Movement in Reserves Statement**

IFRS Accounting Entries	-463
<u>Transfer to Reserves:</u>	
<i>Contribution to Insurance Fund</i>	15
Contribution to Portal Development Fund	45
Contribution to Energy Efficiency Fund	12
<u>Transfer from Reserves:</u>	
Contributions from Innovation Fund - Expansion of Energy Team	-34
Contribution from Pathfinder Project Fund	-90
	<b>-515</b>

<b>Law, Order and Protective Services</b>	<b>PA</b>	<b>Spend</b>	<b>Budget</b>	<b>Over/Under</b>		<b>Annual</b>
		<b>£000</b>	<b>£000</b>	<b>Spend</b>	<b>%</b>	<b>Budget</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>
Civil Contingencies	<b>1b</b>	134	113	21	118.6	113
Movement in Reserves		-4	-4	0	100.0	-4
<b>Service Totals</b>		<b>130</b>	<b>109</b>	<b>21</b>	<b>119.3</b>	<b>109</b>

### **Movement in Reserves Statement**

IFRS Accounting Entries	-4
	<b>-4</b>

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2015/16

		<b>Spend</b>	<b>Budget</b>	<b>Spend</b>		<b>Budget</b>
<b>Other Services</b>	<b>PA</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>£000</b>
Corporate Management	<b>1c</b>	3,059	2,849	210	107.4	2,849
\$ Corporate Priorities		782	779	3	100.4	779
Area Support Team (CP)	<b>1b</b>	18	29	-11	62.1	29
Registration		43	51	-8	84.3	51
Miscellaneous Property	<b>1b</b>	130	161	-31	80.7	161
Payments to Joint Boards		296	325	-29	91.1	325
Local Works and Services		22	22	0	100.0	22
Elections	<b>1b</b>	50	10	40	500.0	10
Licensing	<b>1b</b>	50	25	25	200.0	25
Grants		236	245	-9	96.3	245
Publicity		15	15	0	100.0	15
Twinning	<b>1b</b>	-4	7	-11	n/a	7
Community Councils	<b>1b</b>	459	351	108	130.8	351
Accounting for Pensions		1,143	1,143	0	100.0	1,143
Interest on Loans and Balances	<b>1b</b>	-280	-347	67	80.7	-347
Miscellaneous		285	303	-18	94.1	303
Movement in Reserves	<b>1b</b>	1,856	3,479	-1,623	53.3	3,479
Cost of Collection		518	509	9	101.8	509
Finance Charges		421	421	0	100.0	421
<b>Service Totals</b>		<b>9,099</b>	<b>10,377</b>	<b>-1,278</b>	<b>87.7</b>	<b>10,377</b>

### **Movement in Reserves Statement**

IFRS Accounting Entries	-805
<u>Transfer to Reserves:</u>	
Contribution to SIP Life Cycle Fund	571
Contribution to Outwith Orkney Placements Fund	1,039
Contribution to Transport Infrastructure Replacement Fund	250
Contribution to Innovation Fund	573
Contribution to Orkney College Deficit	110
Purchase of Land from SRF in respect of replacement St Peters House	73
Reinstate Contribution from General Fund Reserve	216
<u>Transfer from Reserves:</u>	
Contributions from Innovation Fund - Website Development	-7
Contributions from Innovation Fund - Telephony	-11
Contributions from Innovation Fund - Customer Relationship System	-1
Contributions from Innovation Fund - Balance of Purchase of 77 John Street	-24
Contributions from Portal Development Fund - Portal Project	-47
Contributions from Welfare Fund - Crisis Grants	-19
Cont. from Local Works and Services Fund - Stronsay Community Council	-8
Contribution from Local Works and Services Fund - Meadows Car Park	-14
Contribution from Sustainable Communities Fund	-40
	<b>1,856</b>

**\$ Corporate Priorities**

Community Planning Partnership	22	24	-2	91.7	24
Corporate Learning and Development	135	129	6	104.7	129
Voluntary Sector	87	87	0	100.0	87
Compensatory Pensions	538	539	-1	99.8	539
	<b>782</b>	<b>779</b>	<b>3</b>	<b>100.4</b>	<b>779</b>

**Annex 2: Budget Action Plan**

<b>Law, Order and Protective Services</b>				
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Status</b>
<b>LO1</b>	<p><b>Civil Contingencies</b> Overspend £21K</p> <p>Increased charge in central services apportioned costs against budget.</p>	<p>The apportioned costs will be reviewed during 2016/17 financial year with a view to realigning budgets to more closely reflect workload and actual spending levels.</p>	H Green	<b>Ongoing</b>

## Annex 2: Budget Action Plan

<b>Other Services</b>				
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Status</b>
<b>OS11</b>	<p><b>Corporate Management</b> Overspend £210K</p> <p>Increased charge in central services apportioned costs against budget.</p>	The apportioned costs will be reviewed during 2016/17 financial year with a view to realigning budgets to more closely reflect workload and actual spending levels.	K Greaves	<b>Ongoing</b>
<b>OS12</b>	<p><b>Area Support Team (CP)</b> Underspend £11K</p> <p>Decrease charge in central services apportioned costs against budget.</p>	The apportioned costs will be reviewed during 2016/17 financial year with a view to realigning budgets to more closely reflect workload and actual spending levels.	K Greaves	<b>Ongoing</b>
<b>OS13</b>	<p><b>Miscellaneous Property</b> Underspend £31K</p> <p>Currently used to meet a number of miscellaneous costs which have not been required so far this year.</p> <p>These include a variety of energy and water charges for Council properties as well as other occasional property</p>	In principle these may not be best met from this budget and discussions will be held to see if this can be rectified during the 2016/17 financial year.	H Green	<b>Ongoing</b>



**Annex 2: Budget Action Plan**

<b>Other Services</b>				
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Status</b>
	related costs which crop up from time to time, including advertising for sale/leasing and DV valuations on occasions.			
<b>OS14</b>	<b>Elections</b> Overspend £40K  Increased charge in central services apportioned costs against budget.	The apportioned costs will be reviewed during 2016/17 financial year with a view to realigning budgets to more closely reflect workload and actual spending levels.	K Greaves	<b>Ongoing</b>
<b>OS15</b>	<b>Licensing</b> Overspend £25K  Increased charge in central services apportioned costs against budget.	The apportioned costs will be reviewed during 2016/17 financial year with a view to realigning budgets to more closely reflect workload and actual spending levels.	G Mitchell	<b>Ongoing</b>
<b>OS16</b>	<b>Twinning</b> Underspend £11K  There are no students currently involved in the Hordaland Student Exchange Programme.	No action required.	K Greaves	

**Annex 2: Budget Action Plan**

<b>Other Services</b>				
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Status</b>
<b>OS17</b>	<p><b>Community Councils</b> Overspend £108K</p> <p>Increased charge in central services apportioned costs against budget.</p>	The apportioned costs will be reviewed during 2016/17 financial year with a view to realigning budgets to more closely reflect workload and actual spending levels.	K Greaves	<b>Ongoing</b>
<b>OS18</b>	<p><b>Interest on Loans and Balances</b> Deficit Income £67K</p> <p>Less interest being earned in year than budget.</p>	As part of the 2015/16 budget setting process the income budget was reduced to better reflect the actual income anticipated in 2015/16 (2014/15 income deficit £278K).	G Waterson	
<b>OS19</b>	<p><b>Movement in Reserves</b> Underspend £1,623K</p> <p>Mainly in respect of a reduced contribution to repay debt.</p>	No action required.	G Waterson	