

Item: 3

Asset Management Sub-committee: 29 August 2023.

Revenue Expenditure Outturn.

Report by Head of Finance.

1. Purpose of Report

To advise of the revenue outturn position for financial year 2022/23 across each of the service areas for which the Sub-committee is responsible.

2. Recommendations

The Sub-committee is invited to note:

2.1.

The revenue expenditure outturn statement in respect of service areas for which the Asset Management Sub-committee is responsible for financial year 2022/23, attached as Annex 1 to this report, indicating an overspend of £1,551,400.

2.2.

The revenue financial detail by service area statement, in respect of service areas for which the Asset Management Sub-committee is responsible, for financial year 2022/23, attached as Annex 2 to this report.

The Sub-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 appropriate action was 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.

4. Financial Summary

4.1.

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

4.2.

The detail by Service Area statement 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 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

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

8. Contact Officer

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9. Annexes

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area

Annex 3: Budget Action Plan.

Annex 1: Financial Summary**March 2023**

The table below provides a summary of the position across all Service Areas.

Non-General Fund

| Service Area | Spend £000 | Budget £000 | Over/(Under) £000 | Spend % | Annual Budget £000 |
|-------------------------|-----------------------|------------------------|------------------------------|--------------------|-----------------------------------|
| Repairs and Maintenance | 2,447.5 | 2,448.3 | (0.8) | 100.0 | 2,448.3 |
| Sundry Accounts | 5,600.2 | 4,048.0 | 1,552.2 | 138.3 | 4,048.0 |
| Service Total | 8,047.7 | 6,496.3 | 1,551.4 | 123.9 | 6,496.3 |

Annex 2: Financial Detail by Service Area

The following tables show the spending position by service function

Non-General Fund

| | | Spend | Budget | Over/(Under) Spend | | Annual Budget |
|--------------------------|-----------|----------------|----------------|--------------------|--------------|----------------|
| Sundry Accounts | PA | £000 | £000 | £000 | % | £000 |
| Utilities Holding A/C | 1b | 4,624.9 | 3,152.4 | 1,472.5 | 146.7 | 3,152.4 |
| Insurance Holding A/C | 1b | 863.7 | 694.2 | 169.5 | 124.4 | 694.2 |
| Telephones Holding A/C | 1b | 44.1 | 77.7 | (33.6) | 56.8 | 77.7 |
| Photocopiers Holding A/C | 1b | 16.6 | 48.7 | (32.1) | 34.1 | 48.7 |
| Postages Holding A/C | 1b | 50.9 | 75.0 | (24.1) | 67.9 | 75.0 |
| Service Total | | 5,600.2 | 4,048.0 | 1,552.2 | 138.3 | 4,048.0 |

| | | Spend | Budget | Over/(Under) Spend | | Annual Budget |
|----------------------------------|-----------|----------------|----------------|--------------------|--------------|----------------|
| Repairs & Maintenance | PA | £000 | £000 | £000 | % | £000 |
| R & M General Fund | | 1,989.7 | 1,990.5 | (0.8) | 100.0 | 1,990.5 |
| Ground Maintenance | | 457.8 | 457.8 | 0.0 | 100.0 | 457.8 |
| Service Total | | 2,447.5 | 2,448.3 | (0.8) | 100.0 | 2,448.3 |

Annex 2: Budget Action Plan

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|-------------------------|----------------------------|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| R45C | Utilities Holding A/C | Kenny MacPherson | This is primarily due to a substantial increase in energy prices. | Review 23.24 budget to ensure it reflects increased energy costs. |
| R45E | Insurance Holding A/C | Erik Knight | This was due to the general insurance premium annual increase and also the increase to the premium because of the purchase of a new marine vessel. | Monitor the situation. |
| R45F | Telephones Holding A/C | Kenny MacPherson | This is due to the different charging involved with the new telephone system. | Monitor the situation and update future budget allocations accordingly. |
| R45G | Photocopiers Holding A/C | Kenny MacPherson | Largely this underspend is due to delays in invoices being paid because of errors in the suppliers invoices. This is an ongoing issue with the supplier that is being worked on. Until resolved, there will be a nominal underspend in this holding account. Reductions have been achieved in use of paper copying and printing, but until the organisation returns to a settled position in terms of in-office working, it is hard to assess the reasons completely. | Monitor the situation. |
| R45H | Postages Holding A/C | Alex Rodwell | Reduction in postage. | Review future budgets and update accordingly. |