

Item: 7

Orkney and Shetland Valuation Joint Board: 4 October 2022.

Revenue Expenditure Monitoring.

Report by Treasurer to the Board.

1. Purpose of Report

To advise of the revenue position of the Board as at 30 June 2022.

2. Recommendations

The Board is invited to note:

2.1.

The revenue financial summary statement, in respect of the Orkney and Shetland Valuation Joint Board, for the period 1 April to 30 June 2022, attached as Annex 1 to this report, indicating a budget deficit position of £26,500.

The Board is invited to scrutinise:

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, in order to obtain assurance that action is being taken with regard to significant budget variances.

3. Background

3.1.

On 3 March 2022, the Board set its overall revenue budget for financial year 2022/23, which forms the basis of the individual revenue expenditure monitoring reports.

3.2.

The Board is wholly funded by its constituent authorities: Orkney Islands Council and Shetland Islands Council.

3.3.

It is vital to the economic wellbeing of the constituent authorities that the Board manages its financial resources effectively and that expenditure and income are delivered in line with the budget, as any overspends will result in a further draw on the resources of the constituent authorities.

3.4.

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.

3.5.

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).

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

5. Financial Implications

The financial implications are detailed throughout the report.

6. Governance Aspects

The content and implications of this report have been reviewed and, at this stage, it is deemed that the Board **DOES NOT** require external legal advice in consideration of the recommendations of this report.

7. Contact Officer

Erik Knight, Treasurer to the Board, Email erik.knight@orkney.gov.uk.

8. Annexes

Annex 1: Financial summary.

Annex 2: Budget Action Plan.

Annex 1: Financial Detail by Service Area**June 2022**

The following tables show the spending position by service function

		Spend	Budget	Over/(Under)	Spend	Annual
		£000	£000	£000	%	Budget
						£000
Orkney & Shetland VJB	PA					
Joint Costs		173.4	181.2	(7.8)	95.7	726.5
Barclay Review		34.7	30.7	4.0	113.0	132.5
Shetland Costs	1B	19.7	8.1	11.6	241.7	47.2
Orkney Costs		13.2	8.6	4.6	153.7	49.9
Requisition SIC	1B	14.1	0.0	14.1	0.0	(476.7)
Requisition OIC		0.0	0.0	0.0	0.0	(479.4)
Service Total		255.1	228.6	26.5	111.6	0.0

Orkney & Shetland Valuation Joint Board

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R69C	<p>Shetland Costs</p> <p>More than anticipated expenditure by £11.6K</p> <p>Contract for provision of IT maintenance and support from SIC for Shetland office payable in advance</p>	<p>Management input required</p> <p>Budget profile to be reviewed to better reflect spend profile</p>	Erik Knight	31/08/2022	Ongoing
R69E	<p>Requisition SIC</p> <p>More than anticipated expenditure by £14.1K</p> <p>Carry forward of overspend from financial year 2021-22 into 2022-23.</p>	<p>Management input required</p> <p>Additional requisition to be raised from Shetland Islands Council to offset this</p>	Erik Knight	30/09/2022	Ongoing