

Item: 4.2

Policy and Resources Committee: 22 September 2020.

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 2019 to 2020.

2. Recommendations

The Committee is invited to note:

2.1.

The revenue expenditure outturn statement for financial year 2019 to 2020, attached as Annex 1 to this report, indicating the following:

- A total General Fund underspend of £4,012,400.
- A deficit in Sources of Funding for General Fund Services of £15,200.
- A net Non-General Fund deficit of £16,244,100.

3. Background

3.1.

On 5 March 2019, the Council set its overall revenue budget for financial year 2019 to 2020. On 23 April 2019, 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 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.

4. Financial Summary

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

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.

Gareth Waterson, Head of Finance, extension 2103, Email gareth.waterson@orkney.gov.uk.

9. Annex

Annex 1: Summary Revenue Expenditure Outturn Statement.

Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2019 to 2020

General Fund	Actual Net Spend £000	Anticipated Net Spend £000	Over/Under Spend		Annual Net Budget £000
Service Area			£000	%	
Roads	3,526.8	3,325.6	201.2	106.1	3,325.6
Transportation	6,934.0	7,112.8	-178.8	97.5	7,112.8
Operational Environmental Services	3,193.4	2,829.8	363.6	112.8	2,829.8
E/Health and Trading Standards Development	827.0	872.7	-45.7	94.8	872.7
Planning	1,807.3	1,943.4	-136.1	93.0	1,943.4
	854.6	950.5	-95.9	89.9	950.5
Development and Infrastructure	17,143.1	17,034.8	108.3	100.6	17,034.8
Education	33,248.8	33,417.1	-168.3	99.5	33,417.1
Leisure and Cultural Services	4,373.9	4,232.2	141.7	103.3	4,232.2
Other Housing	1,333.6	1,567.7	-234.1	85.1	1,567.7
Education, Leisure and Housing	38,956.3	39,217.0	-260.7	99.3	39,217.0
Social Care	19,939.7	19,939.7	0.0	100.0	19,939.7
Orkney Health and Care	19,939.7	19,939.7	0.0	100.0	19,939.7
Central Administration Law, Order and Protective Services	-129.5	73.7	-203.2	n/a	73.7
Other Services	102.1	113.5	-11.4	90.0	113.5
Policy and Resources	6,553.5	10,413.5	-3860.0	62.9	10,413.5
Total Service Spending	82,592.6	86,605.0	-4012.4	95.4	86,605.0
Sources of Funding					
Non-Domestic Rates	-10,459.0	-10,459.0	0.0	100.0	-10,459.0
Council Tax	-9,480.3	-9,495.7	15.4	99.8	-9,495.7
Revenue Support Grant	-59,234.0	-59,234.0	0.0	100.0	-59,234.0
Movement in Reserves	-7,416.5	-7,416.3	-0.2	100.0	-7,416.3
Total Income	-86,589.8	-86,605.0	15.2	100.0	-86,605.0

General Fund Surplus 2019/20

-3,997.2

Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2019 to 2020

<u>Non-General Fund</u>	Actual Net Spend £000	Anticipated Net Spend £000	Over/Under Spend		Annual Net Budget £000
			£000	%	
Repairs and Maintenance	2,025.3	2,085.5	-60.2	97.1	2,085.5
Sundry Accounts	4,135.2	3,989.4	145.8	103.7	3,989.4
Asset Management Sub-Committee	6,160.5	6,074.9	85.6	101.4	6,074.9
Scapa Flow Oil Port	-2,419.4	-1,310.9	-1108.5	184.6	-1,310.9
Miscellaneous Piers	-1,379.3	-1,030.2	-349.1	133.9	-1,030.2
Harbour Authority Sub-Committee	-3,798.7	-2,341.1	-1,457.6	162.3	-2,341.1
Housing Revenue Account	0.0	0.0	0.0	n/a	0.0
Orkney College	-58.2	0.0	-58.2	n/a	0.0
Education, Leisure and Housing	-58.2	0.0	-58.2	n/a	0.0
Strategic Reserve Fund	20,050.4	2,376.1	17,674.3	843.8	2,376.1
Investment Sub-Committee	20,050.4	2,376.1	17,674.3	843.8	2,376.1
Net Service Spending	22,354.0	6,109.9	16,244.1	365.9	6,109.9

Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2019 to 2020

Sources of Funding	PA	Income £000	Budget £000	Over/Under Spend		Annual Budget £000
				£000	%	
Non-Domestic Rates		-10,459.0	-10,459.0	0.0	100.0	-10,459.0
Council Tax		-9,480.3	-9,495.7	15.4	99.8	-9,495.7
Revenue Support Grant		-59,234.0	-59,234.0	0.0	100.0	-59,234.0
Use of Balances		-7,416.5	-7,416.3	-0.2	100.0	-7,416.3
Service Totals		-86,589.8	-86,605.0	15.2	100.0	-86,605.0

Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2019 to 2020

Budget Summary

Original Net Budget	-84,154.9
Redetermination - Teachers Pay and Pensions Award	-518.0
Redetermination - Access to Sanitary Products in Schools	-9.0
Redetermination - Brexit	-50.0
Redetermination - Rapid Response Transition Plan - Homelessness	-22.0
Redetermination - Appropriate Adults	-2.0
Redetermination - Teachers Induction Scheme	-69.0
Redetermination - Personal Licence Holder	-2.0
Redetermination - Seatbelts on School Transport	-1.0
Redetermination - Counselling Through Schools	-146.0
Redetermination - Additional Support for Learning	-60.0
Redetermination - Barclay Implementation	-20.0
Redetermination - ALEO Baseline Reduction	24.0
Innovation Fund - Customer Services Platform (CSP)	-48.7
Innovation Fund - HR System Development	-10.4
Innovation Fund - Integra System Development	-13.4
Innovation Fund - E-Learning Project	-19.7
Innovation Fund - Waste Duty of Care	-34.9
Economic Development Fund - Business Gateway ERDF	-27.5
Economic Development Fund - Kirkwall Bid	-11.0
Economic Development Fund - CDF	-114.9
Economic Development Fund - Orkney Digital Media Project	-39.2
Economic Development Fund - Promote Orkney Project	-17.3
RRR Fund - Kirkwall THI	-57.7
RRR Fund - Kirkwall THI Training	-5.2
RRR Fund - Environmental Designations	-8.5
RRR Fund - Our Islands Our Future	-158.0
RRR Fund - Caisson	-1.8
Recreation Project Fund - WW1 Commemorations Funding	-16.9
R&R Fund - Burial Grounds Headstones	-116.5
R&R Fund - Additional Plant & Equipment Maintenance at Cursiter Quarry	-198.2
R&R Fund - Integrated Waste Facility	-86.6
R&R Fund - Office 365	-4.3
R&R Fund - Pathfinder Project	-69.4
Local Works and Services Contribution - Pond Area at St Margarets Hope School	-2.5
Local Works and Services Contribution - Erect a handrail - Boys Lane Stromness	-1.7
Local Works and Services Contribution - Scrap Cars Scheme	-2.6
Outwith Orkney Placements Fund - OHAC	-165.7
Outwith Orkney Placements Fund - Education	-322.7
SRF Fund - Island Games	-19.8
Revised Net Budget	-86,605.0