



Item: 19.1

Policy and Resources Committee: 18 February 2025.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Overview

- 1.1. On 11 March 2024 the Council set its overall revenue budget for financial year 2024/25. On 18 June 2024, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2024/25, which form the basis of the individual revenue expenditure monitoring reports.
- 1.2. 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.
- 1.3. 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.
- 1.4. 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).
- 1.5. 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.
- 1.6. The details have been provided following consultation with the relevant Corporate Directors and their staff.
- 1.7. 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.

2. Recommendations

2.1. It is recommended that members of the Committee:

- i. Note the revenue expenditure monitoring statement in respect of service areas for which the Policy and Resources Committee is responsible, for the period 1 April to 31 December 2024, attached as Annex 1 to this report, indicating a budget underspend position of £1,070,700.
- ii. Note the revenue financial detail by Service Area statement of service areas for which the Policy and Resources Committee is responsible, for the period 1 April to 31 December 2024, attached as Annex 2 to this report.
- iii. Scrutinise 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 is being taken with regard to significant budget variances.

For Further Information please contact:

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Implications of Report

1. **Financial:** The Financial Regulations state that Corporate Directors can incur expenditure within approved revenue and capital budgets. Such expenditure must be in accordance with the Council's policies and objectives and subject to compliance with the Financial Regulations.
2. **Legal:** Regular financial monitoring and reporting help the Council meet its statutory obligation to secure best value.
3. **Corporate Governance:** In terms of the Scheme of Administration, monitoring, on a quarterly basis, the levels of revenue expenditure incurred against approved budgets, in respect of each of the service areas for which the Committee is responsible, is referred to the Policy and Resources Committee.
4. **Human Resources:** N/A.
5. **Equalities** Equality Impact Assessment is not required for financial monitoring.
6. **Island Communities Impact:** Island Communities Impact Assessment is not required for financial monitoring.
7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our Communities.

Developing our Infrastructure.

Transforming our Council.

- 8. Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:

Cost of Living.

Sustainable Development.

Local Equality.

- 9. Environmental and Climate Risk:** N/A.

- 10. Risk:** N/A.

- 11. Procurement:** N/A.

- 12. Health and Safety:** N/A.

- 13. Property and Assets:** N/A.

- 14. Information Technology:** N/A.

- 15. Cost of Living:** N/A.

List of Background Papers

Policy and Resources Committee, 27 February 2024, Budget and Council Tax Level for 2024/25.

Policy and Resources Committee, 18 June 2024, Detailed Revenue Budgets

Annexes

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary

December 2024

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

General Fund					
Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Central Administration	8,846.3	9,441.2	(594.9)	93.7	273.3
Law, Order & Protective Services	79.8	94.3	(14.5)	84.6	173.4
Other Services	1,674.6	2,135.9	(461.3)	78.4	12,198.7
	10,600.7	11,671.4	(1,070.7)	90.8	12,645.4
Service Totals	10,600.7	11,671.4	(1,070.7)	90.8	12,645.4

Compared to last month, the total number of PAs has changed as follows:

Service Area	No. of PAs		Service Functions	PAs/ Function
	P08	P09		
Central Administration	4	4	9	44%
Law, Order & Protective Services	0	1	1	100%
Other Services	5	6	17	35%
Totals	9	11	27	41%

The following tables show the spending position by service function

General Fund

	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Central Administration						
Chief Executive		2,246.7	2,264.9	(18.2)	99.2	0.0
Corporate Services	1B	875.4	1,040.9	(165.5)	84.1	0.0
Finance		1,680.7	1,667.2	13.5	100.8	0.0
Development & Infrastructure	1B	1,820.0	2,106.1	(286.1)	86.4	0.0
I.T. and Facilities		1,774.0	1,810.0	(36.0)	98.0	0.0
Legal Services	1B	437.1	508.9	(71.8)	85.9	0.0
APPORTIONMENT CONTROL		0.0	0.0	0.0	0.0	260.1
Cleaning Holding Account	1B	12.4	43.2	(30.8)	28.7	0.0
Movement in Reserves		0.0	0.0	0.0	0.0	13.2
Service Total		8,846.3	9,441.2	(594.9)	93.7	273.3

Changes in original budget position:

Original Net Budget	13.2
Central Admin 24.25 Staff Back Pay	260.1
	<u>273.3</u>

	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Law, Order & Protective Services						
Civil Contingencies	1B	79.8	94.3	(14.5)	84.6	173.4
Service Total		79.8	94.3	(14.5)	84.6	173.4

Changes in original budget position:

Original Net Budget	170.7
Legal 24.25 Staff Back Pay	2.7
	<u>173.4</u>

Other Services	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Corporate Management		657.7	667.4	(9.7)	98.5	4,048.5
Corporate Priorities	1B	372.6	478.3	(105.7)	77.9	1,671.3
Area Support Team (CP)		14.0	13.8	0.2	101.4	19.4
Registration		27.9	30.9	(3.0)	90.3	65.6
Miscellaneous Property		21.3	14.1	7.2	151.1	248.2
Payments to Joint Boards		511.3	511.3	0.0	100.0	511.3
Elections	1B	(44.6)	11.4	(56.0)	N/A	42.3
Licensing	1B	(102.8)	(84.8)	(18.0)	121.2	17.4
Grants		163.6	165.5	(1.9)	98.9	201.5
Publicity		21.5	20.0	1.5	107.5	21.0
Twinning		15.6	20.0	(4.4)	78.0	33.2
Community Councils		214.9	238.0	(23.1)	90.3	470.7
Interest on Loans and Balances		(10.5)	(10.5)	0.0	100.0	(500.0)
Miscellaneous - OS	1B	(195.1)	54.8	(249.9)	N/A	669.9
Movement in Reserves		0.0	0.0	0.0	0.0	447.3
Cost of Collection	1B	(42.4)	(32.3)	(10.1)	131.3	592.9
Finance Charges	1B	49.6	38.0	11.6	130.5	3,638.2
Service Total		1,674.6	2,135.9	(461.3)	78.4	12,198.7

Changes in original budget position:

Original Net Budget	10,766.9
Staffing Budget Movement 24.25	106.1
Staffing Budget Movement 24.25	62.7
Island Costs Crisis Emergency Fund	218.0
Voluntary Sector Funding - Budget Creation	20.0
Additional General Revenue Grant (£147m)	565.0
Additional General Revenue Grant (£62.7m)	424.0
Local Government Pay Offer 23/24	141.0
Additional Island Costs Crisis	872.0
Local Government Pay Offer 24/25	523.0
Other Services 24.25 Staff Back Pay	13.0
24.25 Staff Back Pay	(1,513.0)
	12,198.7

Central Administration

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R10B	<p>Corporate Services</p> <p>Less than anticipated expenditure by £165.5K</p> <p>Underspend due to staff vacancies.</p>	<p>Monitor the situation</p> <p>Vacancies being considered as part of service re-design and workforce planning. Recruitment being progressed where appropriate.</p>	Andrew Groundwater	31/01/2025	Ongoing
R10D	<p>Development & Infrastructure</p> <p>Less than anticipated expenditure by £286.1K</p> <p>Underspend due to staff vacancies.</p>	<p>No action required</p> <p>No action on the budget is required. The posts are in various stages of recruitment.</p>	Kenny MacPherson	31/03/2025	Ongoing
R10I	<p>Legal Services</p> <p>Less than anticipated expenditure by £71.8K</p> <p>Underspend is due to two vacancies in the team. One of the posts has recently been filled. Efforts are continuing to fill the second post.</p>	<p>Monitor the situation</p> <p>Continue endeavours to fill the remaining vacant post. There will continue to be an underspend in the staffing budget to reflect the period across which either or both posts have remained unfilled.</p>	Gavin Mitchell	31/03/2025	Ongoing
R10O	<p>Cleaning Holding Account</p> <p>More than anticipated income by £30.8K</p> <p>The cleaning recharge has been greater than budgeted.</p>	<p>Raise virements request</p> <p>Will consider processing a virement to realign the budget to better reflect actuals.</p>	Kenny MacPherson	31/01/2025	Ongoing

Law, Order & Protective Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R23F	Civil Contingencies Less than anticipated expenditure by £14.5K Unbudgeted grant income received.	Raise virements request Process a virement to accommodate income.	Kenny MacPherson	31/01/2025	New

Other Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R10J	<p>Corporate Priorities</p> <p>Less than anticipated expenditure by £105.7K</p> <p>Underspend largely due to vacancies caused by turnover within service areas as well as some Trade Union facility time remaining unallocated.</p>	<p>Monitor the situation</p> <p>Vacancies being considered as part of service re-design and workforce planning. Recruitment being progressed where appropriate.</p> <p>Negotiations on Trade Union facility time are at an advanced stage. Once these are complete further facility time will be allocated against this cost centre.</p>	Alex Rodwell	31/03/2025	Ongoing
R39F	<p>Elections</p> <p>Less than anticipated expenditure by £56.0K</p> <p>Underspend due to invoices still to be received for recent UK Parliamentary Election.</p>	<p>Raise virements request</p> <p>The variance will decrease as associated costs are processed.</p> <p>Complete a virement to realign budget to actuals.</p>	Alex Rodwell	28/02/2025	Ongoing
R39G	<p>Licensing</p> <p>Less than anticipated expenditure by £18.0K</p> <p>Underspend is due to a prior vacancy in the Licensing Team which has since been filled.</p>	<p>No action required</p> <p>The underspend in the staffing budget reflects the period during which a post was unfilled (May to November 2024). There will continue to be an underspend in the budget to reflect the period across which the post remained unfilled.</p>	Gavin Mitchell	31/03/2025	Ongoing

Other Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R39T	<p>Miscellaneous - OS</p> <p>Less than anticipated expenditure by £249.9K</p> <p>A review of the Council charging register, with support from PWC, highlighted areas where VAT was able to be recovered where it had previously been declared.</p>	<p>No action required</p> <p>Continue to review VAT treatment where necessary.</p>	Erik Knight	31/03/2025	Ongoing
R39X	<p>Cost of Collection</p> <p>More than anticipated income by £10.1K</p> <p>Receipts from Scottish Water for collecting water rates through Council Tax are greater than budget. This is due in part to recovery processes.</p>	<p>Monitor the situation</p> <p>Regular reconciliation of Scottish Water recharges and payments are carried out.</p>	Erik Knight	31/01/2025	New
R39Y	<p>Finance Charges</p> <p>More than anticipated expenditure by £11.6K</p> <p>£7,990 relates to charges in respect of work carried out on Barrier No1 and £3,515 relates to the Collections Centre. No budget exists for these at this time.</p>	<p>Management input required</p> <p>Create budgets where required.</p>	Erik Knight	31/01/2025	New