

## **Item: 4.2**

**Policy and Resources Committee: 23 November 2021.**

**Revenue Expenditure Monitoring – Summary.**

**Report by Head of Finance.**

### **1. Purpose of Report**

To advise of the summary revenue position as at 30 September 2021 across General and Non-General Fund service areas.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

The summary revenue expenditure statement for the period 1 April to 30 September 2021, attached as Annex 1 to this report, indicating the following:

- A total General Fund overspend of £297,700.
- A surplus in Sources of Funding of £106,000.
- A net Non-General Fund surplus of £9,048,000.

#### **2.2.**

The financial detail across individual Sources of Funding for the period 1 April to 30 September 2021, including significant variances identified as Priority Actions, attached as Annex 2 to this report.

The 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 action is being taken with regard to significant budget variances.

### **3. Background**

#### **3.1.**

On 2 March 2021, the Council set its overall revenue budget for financial year 2021/22. On 20 April 2021, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2021/22, 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 Executive Directors and their staff.

### **3.7.**

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.

## **4. Financial Summary**

### **4.1.**

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

### **4.2.**

The financial detail across individual Sources of Funding, including significant variances identified as Priority Actions, 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 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.

## **7. Legal Aspects**

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

## **8. Contact Officer**

Colin Kemp, Interim Head of Finance, Email [colin.kemp@orkney.gov.uk](mailto:colin.kemp@orkney.gov.uk)

## **9. Annexes**

Annex 1: Financial summary.

Annex 2: Financial details by Sources of Funding.

Annex 3: Budget Action Plan.

## Annex 1: Revenue Expenditure Summary

September 2021

<b>General Fund Service Area</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) Spend</b>		<b>Annual Budget £000</b>
			<b>£000</b>	<b>%</b>	
Roads	1,887.1	1,470.5	416.6	128.3	3,073.6
Transportation	3,669.0	3,882.2	(213.2)	94.5	8,093.1
Operational Environmental Services	1,061.5	959.4	102.1	110.6	2,992.5
Environmental Health & Trading Standards	332.5	365.5	(33.0)	91.0	940.2
Development	665.7	548.8	116.9	121.3	1,559.5
Planning	399.5	564.1	(164.6)	70.8	1,174.6
<b>Development &amp; Infrastructure</b>	<b>8,015.3</b>	<b>7,790.5</b>	<b>224.8</b>	<b>102.9</b>	<b>17,833.5</b>
Education	15,013.4	15,282.6	(269.2)	98.2	37,839.7
Leisure & Cultural Services	2,180.2	2,128.8	51.4	102.4	4,390.6
Other Housing	1,104.8	1,030.1	74.7	107.3	1,850.8
<b>Education, Leisure &amp; Housing</b>	<b>18,298.4</b>	<b>18,441.5</b>	<b>(143.1)</b>	<b>99.2</b>	<b>44,081.1</b>
Social Care	9,599.6	9,334.7	264.9	102.8	20,900.6
<b>Orkney Health &amp; Care</b>	<b>9,599.6</b>	<b>9,334.7</b>	<b>264.9</b>	<b>102.8</b>	<b>20,900.6</b>
Central Administration	4,826.9	4,976.5	(149.6)	97.0	0.0
Law, Order & Protective Services	94.9	(107.5)	202.4	N/A	3,086.4
Other Services	1,393.6	1,495.3	(101.7)	93.2	11,453.8
<b>Policy &amp; Resources</b>	<b>6,315.4</b>	<b>6,364.3</b>	<b>(48.9)</b>	<b>99.2</b>	<b>14,540.2</b>
<b>Total Service Spending</b>	<b>42,228.7</b>	<b>41,931.0</b>	<b>297.7</b>	<b>100.7</b>	<b>97,355.4</b>
<b>Sources of Funding</b>					
Non-Domestic Rates	(4,894.0)	(4,893.8)	(0.2)	100.0	(9,788.0)
Council Tax	(4,890.9)	(4,786.4)	(104.5)	102.2	(10,059.4)
Revenue Support Grant	(32,049.0)	(32,047.7)	(1.3)	100.0	(65,473.8)
Movement in Reserves	(7,503.1)	(7,503.1)	0.0	100.0	(12,034.2)
<b>Total Income</b>	<b>(49,337.0)</b>	<b>(49,231.0)</b>	<b>(106.0)</b>	<b>100.2</b>	<b>(97,355.4)</b>
<b>Net Service Spending</b>	<b>(7,108.3)</b>	<b>(7,300.0)</b>	<b>191.7</b>	<b>97.4</b>	<b>0.0</b>

## Annex 1: Revenue Expenditure Summary

September 2021

<b><u>Non-General Fund</u></b>	<b>Spend</b>	<b>Budget</b>	<b>Over/(Under) Spend</b>		<b>Annual</b>
<b>Service Area</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>Budget</b>
					<b>£000</b>
Sundry Accounts	145.7	(12.6)	158.3	N/A	0.0
Repairs & Maintenance	860.5	841.4	19.1	102.3	2,097.4
<b>Asset Management Sub-Committee</b>	<b>1,006.2</b>	<b>828.8</b>	<b>177.4</b>	<b>121.4</b>	<b>2,097.4</b>
Housing Revenue Account	55.2	241.8	(186.6)	22.8	0.0
Orkney College	(210.4)	559.5	(769.9)	N/A	0.0
<b>Education, Leisure &amp; Housing</b>	<b>(155.2)</b>	<b>801.3</b>	<b>(956.5)</b>	<b>N/A</b>	<b>0.0</b>
Scapa Flow Oil Port	(1,733.6)	(1,188.4)	(545.2)	145.9	(279.6)
Miscellaneous Piers & Harbours	(381.3)	(1,037.0)	655.7	36.8	404.8
<b>Harbour Authority Sub-Committee</b>	<b>(2,114.9)</b>	<b>(2,225.4)</b>	<b>110.5</b>	<b>95.0</b>	<b>125.2</b>
Strategic Reserve Fund	(6,868.0)	1,511.4	(8,379.4)	N/A	(2,415.0)
<b>Investments Sub-Committee</b>	<b>(6,868.0)</b>	<b>1,511.4</b>	<b>(8,379.4)</b>	<b>N/A</b>	<b>(2,415.0)</b>
<b>Net Service Spending</b>	<b>(8,131.9)</b>	<b>916.1</b>	<b>(9,048.0)</b>	<b>N/A</b>	<b>(192.4)</b>

## Annex 2: Financial Detail by Service Area

September 2021

The following table shows the spending position by service function

Sources of funding	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Non-Domestic Rates		(4,894.0)	(4,893.8)	(0.2)	100.0	(9,788.0)
Council Tax	1C	(4,890.9)	(4,786.4)	(104.5)	102.2	(10,059.4)
Revenue Support Grant		(32,049.0)	(32,047.7)	(1.3)	100.0	(65,473.8)
Movement in Reserves		(7,503.1)	(7,503.1)	0.0	100.0	(12,034.2)
<b>Service Total</b>		<b>(49,337.0)</b>	<b>(49,231.0)</b>	<b>(106.0)</b>	<b>100.2</b>	<b>(97,355.4)</b>

### Budget Summary

<b>Original Net Budget</b>						<b>(91,206.5)</b>
Redetermination - Local Self Isolation Assistance					(9.1)	
Redetermination - Additional £40m GRG					(280.0)	
Redetermination - Summer of Play					(68.0)	
Redetermination - Low Income Pandemic Payment					(190.1)	
Redetermination - School Meals					(155.0)	
Redetermination - COVID-19 additional Staff Funding					(246.0)	
Redetermination - Family Pandemic Support Payments					(47.8)	
Redetermination - First 100 days					(241.0)	
Redetermination - Real Living Wage					<u>(138.8)</u>	
<b>Redeterminations</b>						<b>(1,375.8)</b>
Additional Teachers					(100.2)	
Digital Inclusion					(58.0)	
Home Learning					(34.0)	
Support Staff and Teachers					(218.0)	
Children and Young People's Mental Health					(63.0)	
Community Consultation Project					(5.0)	
Educational Psychologist					(2.0)	
Voluntary Action Orkney Contribution					(300.0)	
PESF Boost					(47.0)	
Contribution to Education					<u>(358.9)</u>	
<b>Redetermination Flexibility Fund</b>						<b>(1,186.1)</b>
Climate Change					(70.0)	
Marine Planning					(20.0)	
Grant from Crown Estate Fund					<u>(25.0)</u>	
<b>Crown Estate Fund</b>						<b>(115.0)</b>
Environmental Designations					(12.2)	
Our Islands Our Future					<u>(112.5)</u>	
<b>RRR Fund</b>						<b>(124.7)</b>
Kirkwall BID					(11.5)	
CDF Grant					<u>(120.0)</u>	
<b>Economic Development Grants Fund</b>						<b>(131.5)</b>
Willow Tree Nursery					(60.0)	
Willow Tree Nursery					<u>(80.0)</u>	
<b>Repairs and Renewal Fund</b>						<b>(140.0)</b>
North Isles Landscape Development Phase					<u>(44.6)</u>	
<b>Strategic Reserve Fund</b>						<b>(44.6)</b>
Business Hardship Support Grant					<u>(2,968.5)</u>	
<b>Business Support Fund</b>						<b>(2,968.5)</b>
Integrated Waste Facility					<u>(62.7)</u>	
<b>Capital Projects Appraisals Fund</b>						<b>(62.7)</b>
<b>Revised Net Budget</b>						<b><u>(97,355.4)</u></b>

## Sources of Funding

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R37C	<p><b>Council Tax</b></p> <p>More than anticipated income by £104.5K</p> <p>Backlog of work has been caught up and invoices issued, with income up to September now exceeding the budget.</p>	<p><b>Monitor the situation</b></p> <p>Collection rates are being monitored at the end of each month.</p>	Colin Kemp	31/10/2021	Ongoing