

Item: 4.2

Policy and Resources Committee: 25 September 2018.

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 2017 to 2018.

2. Recommendations

The Committee is invited to note:

2.1.

The revenue expenditure outturn statement for financial year 2017 to 2018, attached as Annex 1 to this report, indicating the following:

- A total General Fund underspend of £322,100.
- A deficit in Sources of Funding for General Fund Services of £77,100.
- A net Non-General Fund deficit of £5,282,800.

2.2.

The explanations given and actions proposed in respect of significant budget variances across Sources of Funding, as outlined in the Budget Action Plan, attached as Annex 2 to this report.

3. Introduction

At its Special General Meeting held on 22 February 2017, as part of the budget setting process for 2017 to 2018, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2017 to 2018.

4. Background

4.1.

Individual revenue expenditure monitoring reports are circulated as briefing reports every month to inform committee members of the up to date financial position. Quarterly revenue expenditure monitoring reports are now being presented to individual service committees.

4.2.

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.

4.3.

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).

4.4.

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.

4.5.

The details have been provided following consultation with the relevant Executive Directors and their staff. In addition to the variances generated in the current month, the variances reported in previous reporting periods will remain within the Budget Action Plan until these actions have been completed.

4.6.

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.

5. Financial Summary

5.1.

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

5.2.

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 across Sources of Funding.

6. 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.

7. Financial Implications

7.1.

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.

7.2.

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.

7.3.

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.

8. Legal Aspects

Financial monitoring and reporting helps the Council meet its statutory obligation to secure best value.

9. Contact Officers

Alistair Buchan, Chief Executive, extension 2101, Email chief.executive@orkney.gov.uk.

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

10. Annex

Annex 1: Summary Revenue Expenditure Outturn Statement.

Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2017 to 2018

General Fund	Actual Net Spend £000	Anticipated Net Spend £000	Over/Under Spend		Annual Net Budget £000
Service Area			£000	%	
Roads	3,175.5	3,151.2	24.3	100.8	3,151.2
Transportation	9,748.9	9,761.3	-12.4	99.9	9,761.3
Operational Environmental Services	2,553.9	2,456.0	97.9	104.0	2,456.0
E/Health and Trading Standards	851.1	852.3	-1.2	99.9	852.3
Development	2,237.5	2,311.8	-74.3	96.8	2,311.8
Planning	862.4	917.4	-55.0	94.0	917.4
Development and Infrastructure	19,429.3	19,450.0	-20.7	99.9	19,450.0
Education	31,263.5	31,013.6	249.9	100.8	31,013.6
Leisure and Cultural Services	4,370.5	4,237.1	133.4	103.1	4,237.1
Other Housing	1,343.1	1,487.8	-144.7	90.3	1,487.8
Education, Leisure and Housing	36,977.1	36,738.5	238.6	100.6	36,738.5
Social Care	18,270.2	18,270.2	0.0	100.0	18,270.2
Orkney Health and Care	18,270.2	18,270.2	0.0	100.0	18,270.2
Central Administration	-193.8	41.6	-235.4	n/a	41.6
Law, Order and Protective Services	108.0	109.5	-1.5	98.6	109.5
Other Services	10,028.6	10,331.7	-303.1	97.1	10,331.7
Policy and Resources	9,942.8	10,482.8	-540.0	94.8	10,482.8
Total Service Spending	84,619.4	84,941.5	-322.1	99.6	84,941.5
Sources of Funding					
Non-Domestic Rates	-9,688.0	-9,688.0	0.0	100.0	-9,688.0
Council Tax	-8,572.8	-8,630.0	57.2	99.3	-8,630.0
Revenue Support Grant	-57,643.0	-57,643.5	0.5	100.0	-57,643.5
Movement in Reserves	-8,960.6	-8,980.0	19.4	99.8	-8,980.0
Total Income	-84,864.4	-84,941.5	77.1	99.9	-84,941.5
Net Service Spending			-245.0		

Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2017 to 2018

	Actual Net Spend £000	Anticipated Net Spend £000	Over/Under Spend £000	%	Annual Net Budget £000
<u>Non-General Fund</u>					
Repairs and Maintenance	1,985.3	2,031.8	-46.5	97.7	2,031.8
Sundry Accounts	4,231.5	3,970.6	260.9	106.6	3,970.6
Asset Management Sub-Committee	6,216.8	6,002.4	214.4	103.6	6,002.4
Scapa Flow Oil Port	-4,082.1	-3,363.0	-719.1	121.4	-3,363.0
Miscellaneous Piers	-80.2	1,235.5	-1,315.7	n/a	1,235.5
Harbour Authority Sub-Committee	-4,162.3	-2,127.5	-2,034.8	195.6	-2,127.5
Housing Revenue Account	-65.7	0.0	-65.7	n/a	0.0
Orkney College	-40.5	0.0	-40.5	n/a	0.0
Education, Leisure and Housing	-106.2	0.0	-106.2	n/a	0.0
Strategic Reserve Fund	-211.6	-7,421.0	7,209.4	2.9	-7,421.0
Investment Sub-Committee	-211.6	-7,421.0	7,209.4	2.9	-7,421.0
Net Service Spending	1,736.7	-3,546.1	5,282.8	-49.0	-3,546.1

Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2017 to 2018

Sources of Funding	PA	Income	Budget	Over/Under		Annual
		£000	£000	£000	%	Budget
						£000
Non-Domestic Rates		-9,688.0	-9,688.0	0.0	100.0	-9,688.0
Council Tax	1c	-8,572.8	-8,630.0	57.2	99.3	-8,630.0
Revenue Support Grant		-57,643.0	-57,643.5	0.5	100.0	-57,643.5
Use of Balances		-8,960.6	-8,980.0	19.4	99.8	-8,980.0
Service Totals		-84,864.4	-84,941.5	77.1	99.9	-84,941.5

Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2017 to 2018

Budget Summary

Original Net Budget	-82,441.0
Redetermination - Temporary Accommodation	-62.3
Redetermination - Council Tax Reduction Scheme	-87.0
Redetermination - Council Tax Reduction Scheme Administration	-2.2
Redetermination - Building Warrant Fees	8.0
Redetermination - Discretionary Housing Payments	-2.0
Redetermination - Sensory Impairment	-1.0
Redetermination - Teachers Pays	-30.0
Redetermination - Teachers Induction Scheme	-239.0
Redetermination - Stage 1 Budget Bill Increase	-245.0
Innovation Fund - Change Programme	-250.0
Innovation Fund - Customer Services Platform (CSP)	-82.5
Innovation Fund - CP Website Services	-8.6
Innovation Fund - Professional Fostering	-191.4
Innovation Fund - Expansion of Energy Team	-11.7
Innovation Fund - HR System Development	-50.5
Innovation Fund - Integra System Development	-37.4
Innovation Fund - Key Management System	-29.9
Innovation Fund - Encourage Better Recycling	-17.6
Innovation Fund - Encourage Commercial Waste	-26.2
Economic Development Fund - Business Gateway ERDF	-19.8
Economic Development Fund - Kirkwall Bid	-39.6
Economic Development Fund - Orkney Digital Media Project	-40.3
RRR Fund - Kirkwall THI Public Realm	-21.2
RRR Fund - Kirkwall THI	-186.5
RRR Fund - Kirkwall THI Training	-12.9
RRR Fund - Environmental Designations	-0.8
RRR Fund - Caisson Project	-4.1
Recreation Projects Fund - Development Officer Post	-21.4
Recreation Project Fund - WW1 Commemorations Funding	-7.2
Recreation Project Fund - Parks & Play Areas	-5.2
Roads Project Fund - Barrier No. 2	-6.7
Roads Project Fund - Integrated Waste Facility	-43.2
R&R Fund - Dounby Primary School Doors	-67.0
R&R Fund - Meeting Rooms Project	-0.6
Local Works and Services Contribution - Kirkwall Bid Lighting	-5.0
Local Works and Services Contribution - Scrap Cars Scheme	-4.8
Out with Orkney Placements Fund - OHAC	-184.1
Out with Orkney Placements Fund - Education	-330.4
DSM Movement 2017/18	-100.2
Training Fund - Part of Agreed Savings 2017/18	-33.2
Revised Net Budget	<u><u>-84,941.5</u></u>

Annex 2:**Budget Action Plan**

Sources of Funding			
Function	Function Description / Explanation	Action Category/ Action Description	Responsible Officer
R37C	Council Tax Less than anticipated income by £57.2K Less income received under the Council Tax Reduction Scheme than anticipated.		G Waterson