

Item: 5.3

Policy and Resources Committee: 19 September 2023.

Revenue Expenditure Monitoring – Summary.

Report by Head of Finance.

1. Purpose of Report

To advise of the summary revenue position as at 30 June 2023 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 June 2023, attached as Annex 1 to this report, indicating the following:

- A total General Fund overspend of £3,053,000.
- A surplus in Sources of Funding of £5,012,700.
- A net Non-General Fund deficit of £7,484,300.

2.2.

The financial detail across individual Sources of Funding for the period 1 April to 30 June 2023, 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 7 March 2023, the Council set its overall revenue budget for financial year 2023/24. On 20 June 2023, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2023/24, 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 Corporate 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 financial summary for the period 1 April to 30 June 2023 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

Erik Knight, Head of Finance, extension 2127, Email erik.knight@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

June 2023

General Fund	Spend	Budget	Over/(Under) Spend		Annual
Service Area	£000	£000	£000	%	Budget
					£000
Roads	920.5	1,073.0	(152.5)	85.8	3,623.6
Transportation	4,750.0	4,498.2	251.8	105.6	3,488.1
Operational Environmental Services	141.4	1.4	140.0	10,100.0	3,115.2
Environmental Health & Trading Standards	195.9	193.1	2.8	101.5	1,075.9
Development	221.5	91.8	129.7	241.3	1,797.4
Planning	577.3	202.2	375.1	285.5	1,254.6
Development & Infrastructure	6,806.6	6,059.7	746.9	112.3	14,354.8
Education	11,307.9	11,179.2	128.7	101.2	42,177.0
Leisure & Cultural Services	1,514.4	1,641.7	(127.3)	92.2	4,686.3
Other Housing	505.7	613.7	(108.0)	82.4	2,091.2
Education, Leisure & Housing	13,328.0	13,434.6	(106.6)	99.2	48,954.5
Social Care	7,216.4	4,404.7	2,811.7	163.8	26,382.6
Orkney Health & Care	7,216.4	4,404.7	2,811.7	163.8	26,382.6
Central Administration	3,188.6	3,388.8	(200.2)	94.1	13.2
Law, Order & Protective Services	7.3	30.3	(23.0)	24.1	146.0
Other Services	387.2	563.0	(175.8)	68.8	11,190.9
Policy & Resources	3,583.1	3,982.1	(399.0)	90.0	11,350.1
Total Service Spending	30,934.1	27,881.1	3,053.0	111.0	101,042.0

Sources of Funding

Non-Domestic Rates	(2,868.3)	(2,868.2)	(0.1)	100.0	(11,473.0)
Council Tax	(1,873.4)	(2,305.4)	432.0	81.3	(11,571.0)
Revenue Support Grant	(15,722.0)	(10,277.4)	(5,444.6)	153.0	(62,350.0)
Movement in Reserves	(15,625.6)	(15,625.6)	0.0	100.0	(15,648.0)
Total Income	(36,089.3)	(31,076.6)	(5,012.7)	116.1	(101,042.0)
Net Service Spending	(5,155.2)	(3,195.5)	(1,959.7)	161.3	0.0

Annex 1: Revenue Expenditure Summary

June 2023

Non-General Fund	Spend	Budget	Over/(Under) Spend		Annual
Service Area	£000	£000	£000	%	Budget
					£000
Sundry Accounts	938.2	735.5	202.7	127.6	0.0
Repairs & Maintenance	253.5	317.5	(64.0)	79.8	2,196.5
Asset Management Sub-Committee	1,191.7	1,053.0	138.7	113.2	2,196.5
Housing Revenue Account	1,047.6	1,186.4	(138.8)	88.3	0.0
Orkney College	170.1	132.8	37.3	128.1	0.0
Education, Leisure & Housing	1,217.7	1,319.2	(101.5)	92.3	0.0
Scapa Flow Oil Port	439.3	(495.4)	934.7	(88.7)	(211.0)
Miscellaneous Piers & Harbours	(191.6)	(2,659.4)	2,467.8	7.2	(1,660.0)
Harbour Authority Sub-Committee	247.7	(3,154.8)	3,402.5	(7.9)	(1,871.0)
Strategic Reserve Fund	7,600.4	3,555.8	4,044.6	213.7	(13,500.0)
Investments Sub-Committee	7,600.4	3,555.8	4,044.6	213.7	(13,500.0)
Net Service Spending	10,257.5	2,773.2	7,484.3	369.9	(13,174.5)

Annex 2: Financial Detail by Service Area

June 2023

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		(2,868.3)	(2,868.2)	(0.1)	100.0	(11,473.0)
Council Tax	1B	(1,873.4)	(2,305.4)	432.0	81.3	(11,571.0)
Revenue Support Grant	1B	(15,722.0)	(10,277.4)	(5,444.6)	153.0	(62,350.0)
Movement in Reserves		(15,625.6)	(15,625.6)	0.0	100.0	(15,648.0)
Service Total		(36,089.3)	(31,076.6)	(5,012.7)	116.1	(101,042.0)

Changes in original budget position:

Original Net Budget	(100,777.6)
Cost of Living Crisis	(22.2)
Embedded Officer Post	(27.0)
Marine Planning Partnership	(2.8)
Business Support Grant	(10.0)
Temp PT2 Post – KGS	(27.0)
ELC Furniture from R&R Fund	(154.5)
Kickstart Scheme	(20.9)
	<u>101,042.0</u>

Sources of Funding

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R37C	<p>Council Tax</p> <p>Less than anticipated income by £432.1K</p> <p>Opening reversal for Council tax arrears is significantly lower than budgeted.</p>	<p>Raise virements request</p> <p>Virement required to correct budget.</p>	Erik Knight	31/07/2023	Ongoing
R37S	<p>Revenue Support Grant</p> <p>More than anticipated income by £5,444.6K</p> <p>Receipts through revenue support grant is slightly ahead of budget profile.</p>	<p>Raise virements request</p> <p>A virement has been processed to reprofile when actual income will be received.</p>	Erik Knight	31/07/2023	Ongoing