

Item: 5

Asset Management Sub-committee: 1 February 2022.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 31 December 2021 across each of the service areas for which the Sub-committee is responsible.

2. Recommendations

The Sub-committee is invited to note:

2.1.

The revenue financial summary statement, in respect of service areas for which the Asset Management Sub-committee is responsible, for the period 1 April to 31 December 2021, attached as Annex 1 to this report, indicating a budget overspend position of £129,100.

2.2.

The revenue financial detail by service area statement, in respect of service areas for which the Asset Management Sub-committee is responsible, for the period 1 April to 31 December 2021, attached as Annex 2 to this report.

The Sub-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 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 financial summary for the period 1 April to 31 December 2021 is attached as Annex 1 to this report.

4.2.

The details by Service Area statement 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.

9. Annexes

Annex 1: Financial summary.

Annex 2: Financial details by service area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary

December 2021

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

Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Sundry Accounts	116.7	(24.3)	141.0	N/A	0.0
Repairs & Maintenance	1,220.1	1,232.0	(11.9)	99.0	2,097.4
Service Totals	1,336.8	1,207.7	129.1	110.7	2,097.4

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

Service Area	No. of PAs		Service Functions	PAs/ Function
	P08	P09		
Sundry Accounts	2	3	5	60%
Repairs & Maintenance	0	0	2	0%
Totals	2	3	7	43%

The following tables show the spending position by service function

Sundry Accounts	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Utilities Holding A/C	1B	103.6	(63.8)	167.4	N/A	0.0
Insurance Holding A/C		0.6	0.0	0.6	0.0	0.0
Telephones Holding A/C		2.7	0.8	1.9	325.3	0.0
Photocopiers Holding A/C	1B	19.8	32.2	(12.4)	61.6	0.0
Postages Holding A/C	1B	(10.0)	6.5	(16.5)	N/A	0.0
Service Total		116.7	(24.3)	141.0	N/A	0.0

Repairs & Maintenance	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
R & M General Fund		882.8	918.0	(35.2)	96.2	1,692.0
Ground Maintenance		337.3	314.0	23.3	107.4	405.4
Service Total		1,220.1	1,232.0	(11.9)	99.0	2,097.4

Sundry Accounts

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R45C	<p>Utilities Holding A/C</p> <p>Less than anticipated income by £167.4K</p> <p>Recharging from the holding account to complete.</p>	<p>Raise journals request</p> <p>Once action complete this should come back onto budget.</p>	Kenny Macpherson	28/02/2022	Ongoing
R45G	<p>Photocopiers Holding A/C</p> <p>Less than anticipated expenditure by £12.4K</p> <p>This is due to reduced amounts of printing being done due to the high numbers of staff working from home.</p>	<p>Monitor the situation</p> <p>This situation will continue to be monitored and reviewed at the year-end (March 2022) to assess if adjustments are required.</p>	Kenny Macpherson	31/03/2022	New
R45H	<p>Postages Holding A/C</p> <p>Less than anticipated expenditure by £16.5K</p> <p>Reduction in postage during pandemic and replacement franking machine started with a large credit.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Karen Greaves	31/03/2022	Ongoing