

Item: 3.3

Policy and Resources Committee: 28 November 2023.

Revenue Expenditure Monitoring – Summary.

Report by Head of Finance.

1. Purpose of Report

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

- A total General Fund underspend of £525,400.
- A surplus in Sources of Funding of £127,700.
- A net Non-General Fund deficit of £4,241,800.

2.2.

The financial detail across individual Sources of Funding for the period 1 April to 30 September 2023, including significant variances identified as Priority Actions, together with changes in the original overall budget position, 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 across individual Sources of Funding, 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 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 in respect of the overall General and Non-General Fund revenue budgets for the period 1 April to 30 September 2023 is attached as Annex 1 to this report. Individual Service Committees have scrutinised, in detail, the significant budget variances relating to their individual service areas.

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. The Policy and Resources Committee is invited to scrutinise these in order to obtain assurance.

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

September 2023

General Fund	Spend	Budget	Over/(Under)	Spend	Annual
Service Area	£000	£000	£000	%	Budget
					£000
Roads	2,083.3	1,147.7	935.6	181.5	3,623.6
Transportation	1,288.0	4,779.6	(3,491.6)	26.9	3,498.0
Operational Environmental Services	856.0	789.1	66.9	108.5	3,115.2
Environmental Health & Trading Standards	408.3	411.8	(3.5)	99.2	1,075.9
Development	254.4	501.7	(247.3)	50.7	1,960.0
Planning	452.2	746.4	(294.2)	60.6	1,254.6
Development & Infrastructure	5,342.2	8,376.3	(3,034.1)	63.8	14,527.3
Education	19,531.8	18,823.1	708.7	103.8	42,636.1
Leisure & Cultural Services	2,979.9	2,698.3	281.6	110.4	4,848.9
Other Housing	527.9	696.1	(168.2)	75.8	2,091.2
Education, Leisure & Housing	23,039.6	22,217.5	822.1	103.7	49,576.2
Social Care	13,025.4	10,596.3	2,429.1	122.9	26,382.6
Orkney Health & Care	13,025.4	10,596.3	2,429.1	122.9	26,382.6
Central Administration	5,816.9	6,246.7	(429.8)	93.1	13.2
Law, Order & Protective Services	27.2	53.9	(26.7)	50.5	146.0
Other Services	988.4	1,274.4	(286.0)	77.6	11,513.8
Policy & Resources	6,832.5	7,575.0	(742.5)	90.2	11,673.0
Total Service Spending	48,239.7	48,765.1	(525.4)	98.9	102,159.1
Sources of Funding					
Non-Domestic Rates	(5,736.5)	(5,736.4)	(0.1)	100.0	(11,473.0)
Council Tax	(5,333.6)	(5,461.4)	127.8	97.7	(11,571.0)
Revenue Support Grant	(31,454.0)	(31,454.0)	0.0	100.0	(63,104.6)
Movement in Reserves	(15,625.6)	(15,625.6)	0.0	100.0	(15,860.5)
Total Income	(58,149.7)	(58,277.4)	127.7	99.8	(102,009.1)
Net Service Spending	(9,910.0)	(9,512.3)	(397.7)	104.2	150.0

Annex 1: Revenue Expenditure Summary

September 2023

Non-General Fund Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Sundry Accounts	(125.0)	310.6	(435.6)	(40.2)	0.0
Repairs & Maintenance	782.1	806.5	(24.4)	97.0	2,196.5
Asset Management Sub-Committee	657.1	1,117.1	(460.0)	58.8	2,196.5
Housing Revenue Account	96.0	261.0	(165.0)	36.8	0.0
Orkney College	217.3	(312.2)	529.5	(69.6)	0.0
Education, Leisure & Housing	313.3	(51.2)	364.5	(611.9)	0.0
Scapa Flow Oil Port	(6.4)	(1,279.1)	1,272.7	0.5	(181.0)
Miscellaneous Piers & Harbours	(2,303.1)	(2,463.5)	160.4	93.5	(1,690.0)
Harbour Authority Sub-Committee	(2,309.5)	(3,742.6)	1,433.1	61.7	(1,871.0)
Strategic Reserve Fund	1,778.6	(1,125.6)	2,904.2	(158.0)	(13,650.0)
Investments Sub-Committee	1,778.6	(1,125.6)	2,904.2	(158.0)	(13,650.0)
Net Service Spending	439.5	(3,802.3)	4,241.8	(11.6)	(13,324.5)

Annex 2: Financial Detail by Service Area

September 2023

The following table shows the spending position by service function

Sources of Funding	PA	Spend £000	Budget Over/(Under) £000	Spend %	Annual Budget £000	
Non-Domestic Rates		(5,736.5)	(5,736.4)	(0.1)	100.0	(11,473.0)
Council Tax	1C	(5,333.6)	(5,461.4)	127.8	97.7	(11,571.0)
Revenue Support Grant		(31,454.0)	(31,454.0)	0.0	100.0	(63,104.6)
Movement in Reserves		(15,625.6)	(15,625.6)	0.0	100.0	(15,860.5)
Service Total		(58,149.7)	(58,277.4)	127.7	99.8	(102,009.1)

Changes in original budget position:

Original Net Budget	(100,777.6)
Marine Planning Partnership	(2.8)
Embedded Officer Post	(27.0)
ELC Furniture from R&R Fund	(154.5)
Tempt PT2 Post - KGS	(27.0)
Business Support Grant	(10.0)
Kickstart Scheme	(20.9)
Cost of Living Crisis	(22.2)
SNCT Teachers Pay	(455.1)
Redetermination - Pay Settlement	(282.9)
Temporary Budget - Summer of Play	(16.6)
THAW Funding - Budget Creation	(40.0)
Business Support Fund	(162.6)
Transport Infrastructure from R&R Fund	(9.9)
	(102,009.1)

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 £127.8K</p> <p>Opening reversal for Council tax arrears is significantly lower than budgeted. This is impacting the profile recorded against Council tax revenues. The impact of this should reduce over time. Council Tax receipts are lower than anticipated for the year to date, and recovery measures are underway to recover unpaid amounts.</p>	<p>Manage income/expenditure</p> <p>Continue to recover Council Tax debt for current and prior years.</p>	Erik Knight	31/10/2023	Ongoing