

POLICY AND RESOURCES COMMITTEE: 16 FEBRUARY 2016

**SUMMARY EXPENDITURE MONITORING REPORT
AS AT 30 NOVEMBER 2015**

REPORT BY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To advise the Committee of the revenue position as at 30 November 2015 across all General Fund and Non-General Fund Service Areas.

2. RECOMMENDATIONS

The Committee is invited to note:-

- 2.1 the revenue expenditure statement in respect of the General Fund for the period 1 April to 30 November 2015, indicating:
- 2.1.1 a total General Fund overspend of £103,000;
 - 2.1.2 a surplus in Sources of Funding of £133,000; and
 - 2.1.3 a net General Fund underspend of £30,000;
- 2.2 the revenue expenditure statement for the period 1 April to 30 November 2015, indicating a net Non-General Fund underspend of £1,336,000;
- 2.3 the significant revenue budget variances across the individual Sources of Funding identified as Priority 1 Actions and detailed in Annex 2 to this report; and
- 2.4 the explanations given and actions proposed, in respect of the significant budget variances, referred to at paragraph 2.3 above, as outlined in the Budget Action Plan attached as Annex 3 to this report.

3. POLICY ASPECTS

- 3.1 This report relates to the Council complying with its governance and financial processes and procedures and therefore does not relate specifically to progressing the Council's priorities.

4. INTRODUCTION

- 4.1 At its Special General Meeting held on 12 February 2015, as part of the budget setting process for 2015/16, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2015/16.

5. **BACKGROUND**

- 5.1 Individual revenue expenditure monitoring reports (REMRs) are circulated as briefing reports every month in order to inform committee members of the up to date financial position. From this committee cycle onwards quarterly REMRs are being presented to individual service committees. This quarterly report replaces the need for monthly budget briefings this reporting period.
- 5.2 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.
- 5.3 Material variances are identified automatically as Priority Actions (PAs) within individual budget cost centres according to the following criteria:-
 - 5.3.1 £10,000 **and** 10% more or less than Anticipated position;
 - 5.3.2 £50,000 more or less than Anticipated position.
- 5.4 Priority Actions can be identified at the Service Function level according to the same criteria and these have been reported to every service committee accordingly.
- 5.5 In terms of this summary report, a statement of the General Fund Sources of Funding is given in Annex 2. 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 Annex 3.

6. FINANCIAL SUMMARY

6.1 Annex 1 provides the detailed position by Service Committee by Service Area across the General Fund. The table below provides a summary of the position across all Service Committees.

<u>General Fund</u>	Actual Net Spend £000	Anticipated Net Spend £000	Over/Under Spend		Annual Net Budget £000
Service Committee			£000	%	
Development and Infrastructure	10,801	11,046	-245	97.8	18,918
Education, Leisure and Housing	22,249	22,204	45	100.2	34,741
Orkney Health and Care	11,951	11,543	408	103.5	17,645
Policy and Resources	7,764	7,869	-105	98.7	10,487
Total Service Spending	52,765	52,662	103	100.2	81,791
Sources of Funding					
Non-Domestic Rates	-6,267	-6,267	0	100.0	-9,490
Council Tax	-5,478	-5,345	-133	102.5	-7,738
Revenue Support Grant	-40,273	-40,273	0	100.0	-61,026
Movement in Reserves	-3,760	-3,760	0	100.0	-3,537
Total Income	-55,778	-55,645	-133	100.2	-81,791
Net Service Spending	-30				

6.2 Non-General Fund spending is summarised in the table below:-

<u>Non-General Fund</u>	Actual Net Spend £000	Anticipated Net Spend £000	Over/Under Spend		Annual Net Budget £000
			£000	%	
Development and Infrastructure	-4,795	-3,484	-1,311	137.6	-2,611
Education, Leisure and Housing	151	176	-25	85.8	-5
Net Service Spending	-4,644	-3,308	-1,336	140.4	-2,616

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.

8. LEGAL ASPECTS

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

9. CONTACT OFFICERS

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10. ANNEXES

- 10.1 Annex 1: Summary Revenue Expenditure Statement as at 30 November 2015
- 10.2 Annex 2: Revenue Income Statement as at 30 November 2015
- 10.3 Annex 3: Budget Action Plan

Annex 1: Summary Revenue Expenditure Statement as at 30 November 2015

General Fund	Actual Net Spend	Anticipated Net Spend	Over/Under Spend		Annual Net Budget
Service Area	£000	£000	£000	%	£000
Roads	1,650	1,917	-267	86.1	3,814
Transportation	5,780	5,891	-111	98.1	9,581
Operational Environmental Services	1,379	1,121	258	123.0	2,308
E/Health and Trading Standards	374	431	-57	86.8	781
Development	1,206	1,244	-38	96.9	1,693
Planning	412	442	-30	93.2	741
Development and Infrastructure	10,801	11,046	-245	97.8	18,918
Education	18,838	18,879	-41	99.8	29,287
Leisure and Cultural Services	2,662	2,570	92	103.6	4,076
Other Housing	749	755	-6	99.2	1,378
Education, Leisure and Housing	22,249	22,204	45	100.2	34,741
Social Care	11,951	11,543	408	103.5	17,645
Orkney Health and Care	11,951	11,543	408	103.5	17,645
Central Administration	5,815	5,828	-13	99.8	0
Law, Order and Protective Services	28	36	-8	77.8	110
Other Services	1,921	2,005	-84	95.8	10,377
Policy and Resources	7,764	7,869	-105	98.7	10,487
Total Service Spending	52,765	52,662	103	100.2	81,791
Sources of Funding					
Non-Domestic Rates	-6,267	-6,267	0	100.0	-9,490
Council Tax	-5,478	-5,345	-133	102.5	-7,738
Revenue Support Grant	-40,273	-40,273	0	100.0	-61,026
Movement in Reserves	-3,760	-3,760	0	100.0	-3,537
Total Income	-55,778	-55,645	-133	100.2	-81,791

Net Service Spending

-30

Annex 1: Summary Revenue Expenditure Statement as at 30 November 2015

	Actual Net Spend £000	Anticipated Net Spend £000	Over/Under Spend		Annual Net Budget £000
			£000	%	
<u>Non-General Fund</u>					
Scapa Flow Oil Port	-2,700	-1,535	-1,165	175.9	-1,858
Miscellaneous Piers	-2,095	-1,949	-146	107.5	-753
Development and Infrastructure	-4,795	-3,484	-1,311	137.6	-2,611
Housing Revenue Account	-143	-86	-57	166.3	0
Orkney College	294	262	32	112.2	-5
Education, Leisure and Housing	151	176	-25	85.8	-5
Net Service Spending	-4,644	-3,308	-1,336	140.4	-2,616

Annex 2: Revenue Income Statement as at 30 November 2015

Sources of Funding	PA	Income	Budget	Over/Under		Annual
		£000	£000	Spend	%	Budget
				£000		£000
Non-Domestic Rates		-6,267	-6,267	0	100.0	-9,490
Council Tax	1c	-5,478	-5,345	-133	102.5	-7,738
Revenue Support Grant		-40,273	-40,273	0	100.0	-61,026
Use of Balances		-3,760	-3,760	0	100.0	-3,537
Service Totals		-55,778	-55,645	-133	100.2	-81,791

Budget Summary

Original Net Budget	-81,749
Redetermination - 1+2 Languages	-28
Redetermination - Additional support for National Qualifications	-4
Allocation of Kinship Care Allowance Funds	-10
Revised Net Budget	-81,791

Annex 3: Budget Action Plan

Sources of Funding					
Action Point	Function/Explanation	Action	Responsible Officer(s)	Deadline	Status
SI1	<p>Council Tax Underspend £133K</p> <p>There are now more chargeable dwellings so that expected income levels now exceed the budgeted level of income which should result in a surplus at year-end.</p>	<p>The 2015/16 budget was set at 98.3% of the Band D equivalent properties based on the position as at September 2014 as returned to the Scottish Government.</p> <p>There are no plans to change the prudent approach taken in setting the budget, particularly given the current economic climate.</p>	G Waterson	31/03/16	P3 Action - Ongoing