

**POLICY AND RESOURCES COMMITTEE: 29 NOVEMBER 2016**

**REVENUE EXPENDITURE MONITORING REPORT  
AS AT 30 SEPTEMBER 2016**

**JOINT REPORT BY CHIEF EXECUTIVE,  
EXECUTIVE DIRECTOR OF CORPORATE SERVICES AND  
EXECUTIVE DIRECTOR OF DEVELOPMENT AND INFRASTRUCTURE**

**1. PURPOSE OF REPORT**

- 1.1 To advise of the revenue position as at 30 September 2016 across each of the Service Areas for which the Committee is responsible.

**2. RECOMMENDATIONS**

The Committee is invited to note:-

- 2.1 the revenue expenditure statement in respect of the undernoted services for the period 1 April to 30 September 2016, indicating a General Fund underspend of £155,000:-
- 2.1.1 Central Administration;
  - 2.1.2 Law, Order and Protective Services; and
  - 2.1.3 Other Services; and
- 2.2 the explanations given and actions proposed, in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 2 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 18 February 2016, as part of the budget setting process for 2016/17, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2016/17.

## 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. This quarterly report replaces the need for a monthly budget briefing 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 (1b);
- 5.3.2 £50,000 more or less than Anticipated position (1c).
- 5.4 Priority Actions can be identified at the Service Function level according to the same criteria and these are shown in the Revenue Expenditure Statements shown in Annex 1. 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 in Annex 2.
- 5.5 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.
- 5.6 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.

## 6. **FINANCIAL SUMMARY**

- 6.1 Annex 1 provides the detailed position by Service Area by Service Function. The table below provides a summary of the position across all Service Areas.

	<b>Spend</b>	<b>Budget</b>	<b>Over/Under</b>		<b>Annual</b>
	<b>£000</b>	<b>£000</b>	<b>Spend</b>		<b>Budget</b>
<b>General Fund Services</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>£000</b>
Central Administration	4,437	4,488	-51	98.9	39
Law, Order and Protective	17	26	-9	65.4	110
Other Services	867	962	-95	90.1	8,860
<b>Service Totals</b>	<b>5,321</b>	<b>5,476</b>	<b>-155</b>	<b>97.2</b>	<b>9,009</b>

- 6.2 The budget overspend across the General Fund service areas is £155K, alternatively expressed as 97.2% of the anticipated net spending position for the year to date.

- 6.3 Across 3 service areas and 27 service functions, 5 Priority Actions (PAs) have been generated which identify the main areas of budget variance. The number of Priority Actions which are generated across a particular Service Area is an indicator of the level of control that exists across that service.
- 6.4 Compared to last month, the number of PAs have decreased as follows:-

<b>Service Area</b>	<b>No. of PAs</b>		<b>Service Functions</b>	<b>PAs/ Function</b>
	<b>P5</b>	<b>P6</b>		
Central Administration	3	2	9	22%
Law, Order and Protective	0	0	1	0%
Other Services	4	3	17	18%
<b>Totals</b>	<b>7</b>	<b>5</b>	<b>27</b>	<b>19%</b>

- 6.5 The Budget Action Plan attached as Annex 2 provides an explanation and proposed corrective action for each of the Priority Actions identified.

## **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**

- 9.1 Alistair Buchan, Chief Executive, Ext 2101  
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- 9.2 Gillian Morrison, Executive Director of Corporate Services, Ext. 2103  
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- 9.4 Gareth Waterson, Head of Finance, Ext 2103  
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**10. ANNEXES**

- 10.1 Annex 1: Revenue Expenditure Statements as at 30 September 2016
- 10.2 Annex 2: Budget Action Plans

## Annex 1: Revenue Expenditure Statement as at 30 September 2016

		<b>Spend</b>	<b>Budget</b>	<b>Over/Under</b>		<b>Annual</b>
	<b>PA</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>Budget</b>
						<b>£000</b>
<b>Central Administration</b>						
Chief Executive	<b>1b</b>	189	157	32	120.4	199
Administration		1,349	1,361	-12	99.1	5
Finance		740	773	-33	95.7	-199
Development and Env Services		983	1,011	-28	97.2	34
Energy Efficiency Fund		0	-4	4	0.0	0
Administration of Buildings		891	904	-13	98.6	0
Administration Holding Accounts		38	29	9	131.0	0
Legal Services		221	208	13	106.3	0
Cleaning Holding Accounts	<b>1b</b>	26	49	-23	53.1	0
<b>Service Totals</b>		<b>4,437</b>	<b>4,488</b>	<b>-51</b>	<b>98.9</b>	<b>39</b>

### **Budget Summary**

Original Net Budget	0
Innovation Fund - Energy Officer Post	34
Transfer of Partnership Funding from Corporate Priorities to Administration	5
	<b>39</b>

		<b>Spend</b>	<b>Budget</b>	<b>Over/Under</b>		<b>Annual</b>
	<b>PA</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>Budget</b>
						<b>£000</b>
<b>Law, Order and Protective Services</b>						
Civil Contingencies		17	26	-9	65.4	110
<b>Service Totals</b>		<b>17</b>	<b>26</b>	<b>-9</b>	<b>65.4</b>	<b>110</b>

## Annex 1: Revenue Expenditure Statement as at 30 September 2016

		Spend	Budget	Spend		Budget
Other Services	PA	£000	£000	£000	%	£000
Corporate Management		468	477	-9	98.1	3,014
Corporate Priorities		389	392	-3	99.2	777
Area Support Team (CP)		9	7	2	128.6	29
Registration		9	19	-10	47.4	51
Miscellaneous Property	1b	11	30	-19	36.7	160
Payments to Joint Boards		25	25	0	100.0	332
Local Works and Services		7	7	0	100.0	7
Elections	1b	21	50	-29	42.0	11
Licensing		-17	-13	-4	130.8	24
Grants	1b	62	72	-10	86.1	226
Publicity		11	6	5	183.3	6
Twinning		-14	-6	-8	233.3	7
Community Councils		137	147	-10	93.2	378
Interest on Loans and Balances		0	0	0	n/a	-347
Miscellaneous		27	21	6	128.6	58
Movement in Reserves		0	0	0	n/a	571
Cost of Collection		-21	-15	-6	140.0	509
Finance Charges		-257	-257	0	100.0	3,047
<b>Service Totals</b>		<b>867</b>	<b>962</b>	<b>-95</b>	<b>90.1</b>	<b>8,860</b>

### Budget Summary

Original Net Budget	8,357
RRR Fund - Our Islands Our Future	35
Innovation Fund - Change Programme	250
Training Fund - Part of Agreed Savings 2016/17	33
Innovation Fund - HR Systems Development	91
Innovation Fund - Integra Systems Development	92
Innovation Fund - CP Website Services	8
Transfer of Partnership Funding from Corporate Priorities to Administration	-5
Local Works and Services Fund Contribution	7
Care and Repair Contract Costs	-8
	<b>8,860</b>

### Corporate Priorities

Community Planning Partnership	-6	2	-8	-300.0	28
Corporate Learning and Development	50	37	13	135.1	130
Voluntary Sector	88	88	0	100.0	88
Compensatory Pensions	257	265	-8	97.0	531
	<b>389</b>	<b>392</b>	<b>-3</b>	<b>99.2</b>	<b>777</b>

**Annex 2: Budget Action Plan**

<b>Central Administration</b>					
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Deadline</b>	<b>Status</b>
<b>CA1</b>	<b>Administration Holding Accounts</b> Underspend £12K  Insurance recharges to be processed.	Journals to be processed in September.	G Waterson	<del>31/08/16</del> 31/10/16	<b>P3 Action - Completed</b>
<b>CA2</b>	<b>Cleaning Holding Accounts</b> Underspend £23K  Due to ongoing issues with vacant posts and recruitment.	No action at this time.  Continue to monitor.	H Green	<del>30/09/16</del> 31/11/16	<b>P3 Action - Ongoing</b>
<b>CA3</b>	<b>Chief Executive</b> Overspend £32K  Due to unbudgeted one-off payments for staffing costs.	No action required.	K Greaves	<del>30/09/16</del> 31/11/16	<b>P4 Action - Ongoing</b>

**Annex 2: Budget Action Plan**

<b>Other Services</b>					
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Deadline</b>	<b>Status</b>
<b>OS2</b>	<p><b>Grants</b> Underspend £10K</p> <p>Lessened demand for Community Care Grants in 1st quarter.</p>	No action required as budget remains available for future grant awards.	G Waterson	<del>30/09/16</del> 31/10/16	<b>P4 Action - Ongoing</b>
<b>OS3</b>	<p><b>Elections</b> Underspend £29K</p> <p>Further expenditure due.</p>	Further expenditure due and thereafter budget will continue to be monitored.	K Greaves	31/10/16	<b>P5 Action - Ongoing</b>
<b>OS5</b>	<p><b>Miscellaneous Property</b> Underspend £19K</p> <p>Less expenditure on repairs and maintenance has been required at this stage of the year than profiled.</p>	Monitor.	H Green	31/10/16	<b>New Action</b>