



Item: 3.1

Policy and Resources Committee: 26 November 2024.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Overview

- 1.1. On 11 March 2024, the Council set its overall revenue budget for financial year 2024/25. On 18 June 2024, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2024/25, which form the basis of the individual revenue expenditure monitoring reports.
- 1.2. 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.
- 1.3. 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.
- 1.4. 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).
- 1.5. 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.
- 1.6. The details have been provided following consultation with the relevant Corporate Directors and their staff.
- 1.7. 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.

2. Recommendations

2.1. It is recommended that members of the Committee:

- i. Note the revenue expenditure monitoring statement in respect of service areas for which the Policy and Resources Committee is responsible, for the period 1 April to 30 September 2024, attached as Annex 1 to this report, indicating a budget underspend position of £903,400.
- ii. Note the revenue financial detail by service area statement in respect of service areas for which the Policy and Resources Committee is responsible for the period 1 April to 30 September 2024, attached as Annex 2 to this report.
- iii. Scrutinise 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 appropriate action is being taken with regard to significant budget variances.

For Further Information please contact:

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Implications of Report

1. **Financial** The Financial Regulations state that Corporate Directors can incur expenditure within approved revenue and capital budgets. Such expenditure must be in accordance with the Council's policies and objectives and subject to compliance with the Financial Regulations.
2. **Legal** Regular financial monitoring and reporting help the Council meet its statutory obligation to secure best value.
3. **Corporate Governance** In terms of the Scheme of Administration, monitoring, on a quarterly basis, the levels of revenue expenditure incurred against approved budgets, in respect of each of the service areas for which the Committee is responsible, is referred to the Policy and Resources Committee.
4. **Human Resources** N/A.
5. **Equalities** An Equality Impact Assessment is not required for financial monitoring.
6. **Island Communities Impact** An Island Communities Impact Assessment is not required for financial monitoring.
7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our Communities.

Developing our Infrastructure.

Transforming our Council.

- 8. Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:

Cost of Living.

Sustainable Development.

Local Equality.

- 9. Environmental and Climate Risk** N/A.

- 10. Risk** N/A.

- 11. Procurement** N/A.

- 12. Health and Safety** N/A.

- 13. Property and Assets** N/A.

- 14. Information Technology** N/A.

- 15. Cost of Living** N/A.

List of Background Papers

Policy and Resources Committee, 27 February 2024, Budget and Council Tax Level for 2024/25.

Policy and Resources Committee, 18 June 2024, Detailed Revenue Budgets

Annexes

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary**September 2024**

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

General Fund	Spend	Budget	Over/(Under)	Spend	Annual
Service Area	£000	£000	£000	%	Budget
					£000
Central Administration	5,940.0	6,426.4	(486.4)	92.4	13.2
Law, Order & Protective Services	56.1	60.1	(4.0)	93.3	170.7
Other Services	1,031.9	1,444.9	(413.0)	71.4	10,935.7
	7,028.0	7,931.4	(903.4)	88.6	11,119.6
Service Totals	7,028.0	7,931.4	(903.4)	88.6	11,119.6

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

Service Area	No. of PAs		Service Functions	PAs/Function
	P05	P06		
Central Administration	4	4	8	50%
Law, Order & Protective Services	0	0	1	0%
Other Services	4	5	17	29%
Totals	8	9	26	35%

Annex 2: Financial Detail by Service Area

September 2024

The following tables show the spending position by service function

General Fund

		Spend	Budget	Over/(Under)	Spend	Annual
		£000	£000	£000	%	Budget
						£000
Central Administration	PA					
Chief Executive		1,600.0	1,625.4	(25.4)	98.4	0.0
Corporate Services	1B	609.8	704.2	(94.4)	88.6	0.0
Finance		1,039.8	1,062.5	(22.7)	97.9	0.0
Development & Infrastructure	1B	1,125.8	1,359.1	(233.3)	82.8	0.0
I.T. and Facilities		1,272.9	1,282.4	(9.5)	99.3	0.0
Legal Services	1B	275.1	325.7	(50.6)	84.5	0.0
Cleaning Holding Account	1B	16.6	67.1	(50.5)	24.7	0.0
Movement in Reserves		0.0	0.0	0.0	0.0	13.2
Service Total		5,940.0	6,426.4	(486.4)	92.4	13.2

		Spend	Budget	Over/(Under)	Spend	Annual
		£000	£000	£000	%	Budget
						£000
Law, Order & Protective Services	PA					
Civil Contingencies		56.1	60.1	(4.0)	93.3	170.7
Service Total		56.1	60.1	(4.0)	93.3	170.7

Other Services		Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Corporate Management	PA	405.4	406.8	(1.4)	99.7	4,046.5
Corporate Priorities	1C	692.5	746.1	(53.6)	92.8	1,431.4
Area Support Team (CP)		7.7	8.7	(1.0)	88.5	18.9
Registration		12.7	19.8	(7.1)	64.1	64.2
Miscellaneous Property		13.9	20.4	(6.5)	68.1	248.2
Payments to Joint Boards		0.0	0.0	0.0	0.0	511.3
Elections	1B	(46.2)	11.4	(57.6)	N/A	42.3
Licensing	1B	(115.9)	(105.3)	(10.6)	110.1	15.4
Grants		109.7	104.5	5.2	105.0	201.5
Publicity		20.0	19.3	0.7	103.6	21.0
Twinning		9.8	6.5	3.3	150.8	33.0
Community Councils	1B	157.2	181.6	(24.4)	86.6	465.7
Interest on Loans and Balances		(7.3)	0.0	(7.3)	0.0	(500.0)
Miscellaneous - OS	1B	(211.8)	47.3	(259.1)	N/A	(342.1)
Movement in Reserves		0.0	0.0	0.0	0.0	447.3
Cost of Collection		(25.2)	(22.2)	(3.0)	113.5	592.9
Finance Charges		9.4	0.0	9.4	0.0	3,638.2
Service Total		1,031.9	1,444.9	(413.0)	71.4	10,935.7

Changes in original budget position:

Original Net Budget	10,829.6
Staffing Budget Movement 24.25	106.1
	10,935.7

Central Administration

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R10B	<p>Corporate Services</p> <p>Less than anticipated expenditure by £94.4K</p> <p>Underspend due to vacancies.</p>	<p>Monitor the situation</p> <p>Vacancies being considered as part of service re-design and workforce planning. Recruitment being progressed where appropriate.</p>	Alex Rodwell	30/11/2024	Ongoing
R10D	<p>Development & Infrastructure</p> <p>Less than anticipated expenditure by £233.3K</p> <p>All cost centres are underspent. Main reason for this is due to vacancies. It should be highlighted that in some cases posts are having to be readvertised, which highlights the difficulty in recruiting skilled staff in certain posts.</p>	<p>No action required</p> <p>Recruitment processes are running. In most cases the issue is the difficulty with the job market.</p>	Kenny MacPherson	31/10/2024	Ongoing
R10I	<p>Legal Services</p> <p>Less than anticipated expenditure by £50.6K</p> <p>Underspend is due to vacancies in the team. Efforts are being made to fill these posts.</p>	<p>Monitor the situation</p> <p>Continue endeavours to fill vacant posts. There will continue to be an underspend in the staffing budget to reflect the period across which posts remain unfilled.</p>	Gavin Mitchell	31/03/2025	Ongoing

Central Administration

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R100	Less than anticipated expenditure by £50.5K This is mainly attributable to cleaning recharges being higher than budgeted and staff vacancies.	No action required Monitor the cleaning recharge and consider budget review. Continue to recruit to vacant posts.	Kenny MacPherson	31/12/2024	Ongoing

Other Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R10J	<p>Corporate Priorities</p> <p>Less than anticipated expenditure by £53.6K</p> <p>Underspend largely due to vacancies caused by turnover within service areas as well as some Trade Union Facility Time remaining unallocated.</p>	<p>Monitor the situation</p> <p>Vacancies being considered as part of service re-design and workforce planning. Recruitment being progressed where appropriate.</p> <p>Negotiations on Trade Union Facility Time are at an advanced stage. Once these are complete further facility time will be allocated against this cost centre.</p>	Alex Rodwell	30/11/2024	Ongoing
R39F	<p>Elections</p> <p>Less than anticipated expenditure by £57.6K</p> <p>Underspend due to invoices still to be received for recent UK Parliamentary Election.</p>	<p>Monitor the situation</p> <p>Now that the UK Parliamentary Election has passed associated costs will be processed through the cost centre. The variance has decreased from last quarter as associated costs are being processed.</p>	Alex Rodwell	31/10/2024	Ongoing
R39G	<p>Licensing</p> <p>Less than anticipated expenditure by £10.6K</p> <p>Underspend is due to a vacancy in the Licensing Team.</p>	<p>No action required</p> <p>A recruitment exercise has been successfully completed with the appointee due to take up post in November 2024. There will continue to be an underspend in the staffing budget to reflect the period during which the post remained unfilled (May 2024 to November 2024).</p>	Gavin Mitchell	31/10/2024	New

Other Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R39M	<p>Community Councils</p> <p>Less than anticipated expenditure by £24.4K</p> <p>The underspend is due to staffing and clerking vacancies as well as payments by Community Councils.</p>	<p>Monitor the situation</p> <p>The service is looking at the best approach to manage the vacancies. This will be considered as part of service re-design activities during Q3 2024/2025.</p>	Alex Rodwell	31/12/2024	Ongoing
R39T	<p>Miscellaneous - OS</p> <p>Less than anticipated expenditure by £259.1K</p> <p>A review of the Council charging register noted several areas of difference to other local authorities. Review of VAT charging for these areas, and on advice from PWC, the Council was able to recover VAT previously declared.</p>	<p>No action required</p> <p>Continue to review VAT treatment where necessary.</p>	Erik Knight	31/10/2024	Ongoing