

**3. REVENUE BUDGET MONITORING (General Fund and Housing Revenue Account)**

**3.1 RESPONSIBILITY**

The primary responsibility for detailed monitoring and control of departmental cash limited revenue budgets lies with each Chief Officer. This responsibility covers revenue expenditure, any relevant Renewal & Repair Funds and any other funds which may be allocated during a financial year (e.g. additional grants).

**3.2 CASH LIMITED BUDGETS**

The principle of cash limited budgets requires that departments contain their expenditure within the budget set for a particular financial year. In this regard, no anticipation of future years' resources is permitted.

**3.3 COUNCIL AUTHORITY**

Subject to **Standing Order 15(9)**, where the resolution of a Service Committee arising from a motion would involve expenditure which cannot be contained within existing departmental resources then, except with the authority of the Strategic Policy Committee:

- a no tender for any project costing more than the sum allowed in the Revenue Budget shall be accepted;
- b no new or significantly altered project shall be substituted for an approved project; and
- c where the final measurement of a contract sum exceeds the price in the original contract or an agreed revised contract sum (taking into account any approved variations authorised in terms of the contract) no payment in excess of the original or revised contract sum, as appropriate, shall be made.

**3.4 ADDITIONAL EXPENDITURE**

A cash limited budget dictates that revenue expenditure shall be restricted to that included in the Revenue Budget.

Only in exceptional circumstances will consideration be given to allowing additional expenditure and any such proposals will require approval by the appropriate committee and the Strategic Policy Committee.

In this respect, Chief Officers are directed to the specific Section within the Financial Regulations (i.e. **Section 9**) on Committee Report Preparation.

**The funding of any agreed exceptional circumstances which require additional expenditure may result in the Strategic Policy Committee having to take compensating corrective action.**

**3.5 MONITORING STATEMENTS**

The Head of Finance shall furnish each Chief Officer with calendar monthly financial statements of expenditure and income and such other relevant information the Head of Finance and the Chief Officer conclude to be necessary. It shall be the responsibility of each Chief Officer however to ensure that they have all the relevant financial information available to control the actual expenditure and income against the budget.

### 3.6 HEAD OF FINANCE RESPONSIBILITIES

The Head of Finance has a responsibility to ensure that revenue monitoring by Chief Officers is carried out and that relevant financial information is provided in a format and within a timetable to allow such monitoring.

The Head of Finance shall be responsible for ensuring that appropriate professional support and advice is provided by the Finance Division to Chief Officers to assist with revenue monitoring.

### 3.7 PERIODIC MONITORING REPORTS TO COMMITTEE

**a. Departmental Revenue Monitoring Reports.** The Head of Finance in conjunction with each Chief Officer will be responsible for submitting to the respective Service Committees, on an agreed timetable, joint reports covering :

- actual revenue net expenditure compared with phased revenue budgets;
- estimates of revenue income and expenditure with projected out-turn; and
- the position in respect of all Renewal & Repair Funds.

In all cases, areas of major variation should be highlighted and reasons for variances provided together with corrective action for adverse variations.

Such reports shall be submitted as follows:

- the position to the end of September will be reported in the November / December cycle;
- the position to the end of December will be reported in January where feasible or February for those Committees which meet in early January; and
- the position at the financial year end will be reported in the September / October cycle.

**b. Corporate Revenue Monitoring Reports.** The format and timetable of corporate, summary revenue monitoring reports to the Corporate Services Committee shall be determined by the Head of Finance in conjunction with the Director of Corporate Services. The content of the report in respect of individual departmental budgets and expenditure should be determined after close liaison between departmental accountants within the Finance Division and the Designated Officer for the relevant department. The corporate revenue monitoring report shall also be submitted to the Strategic Policy Committee in the November / December cycle, to help inform the key budget decisions which are taken in January and February.

*For the purposes outlined above, Designated Officer is defined at paragraph [1.10](#).*

### 3.8 CONTRACT VARIATIONS

Accumulations of variations which will result in a material over/underspend shall be reported to the Head of Finance for homologation by committee within the context of periodic monitoring reports. For this purpose, a material under/overspend is deemed to occur at a threshold of 5% for contracts in excess of £100,000, and at 7.5% for contracts under £100,000.

It is however only necessary to report a variation, or accumulation of these, in respect of contracts (including those carried out under a schedule of rates contract) where the latest estimated total contract value is over the Delegated Authority of Chief Officers as per [Appendix 2](#).

**It is the responsibility of Chief Officers to report such variations as soon as anticipated and in the case of potential overspends in particular, as far as possible in advance of expenditure being incurred which will result in the overspend.** The Head of Finance in

consultation with the Director of Corporate Services has discretion to review this percentage on over/underspend limits for contracts in excess of £1 million.

### **3.9 SCHOOL CONVEYANCE CONTRACT VARIATIONS**

For the avoidance of doubt, school conveyance contract variations are covered by the terms of Financial Regulation 3.8 above. In value terms however, these are generally very minor in nature and it is acceptable therefore for these variations to be reported by ensuring they are encompassed within the regular Education departmental monitoring reports. The Head of Finance may however request from time to time a summary of any such variations.

**For clarification or any queries in respect of this section please contact  
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