

Item: 4

Education, Leisure and Housing Committee: 8 September 2021.

Revenue Expenditure Monitoring.

Joint Report by Executive Director of Education, Leisure and Housing, Interim Executive Director of Environmental, Property and IT Services, and Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 30 June 2021 across each of the service areas for which the Committee is responsible.

2. Recommendations

The Committee is invited to note:

2.1.

The revenue financial summary statement in respect of Education, Leisure and Housing for the period 1 April to 30 June 2021, attached as Annex 1 to this report, indicating the following:

- A net General Fund underspend of £79,200.
- A net Non-General Fund underspend of £714,500.

2.2.

The revenue financial detail by service area statement, in respect of Education, Leisure and Housing for the period 1 April to 30 June 2021, 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, 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 2 March 2021, the Council set its overall revenue budget for financial year 2021/22. On 20 April 2021, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2021/22, which form the basis of the individual revenue expenditure monitoring reports.

3.2.

Individual revenue expenditure 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 details have been provided following consultation with the relevant Executive Directors and their staff.

3.7.

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.

4. Financial Summary

4.1.

The financial summary for the period 1 April to 30 June 2021 is attached as Annex 1 to this report.

4.2.

The financial details by Service Area statement 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.

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 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 Officers

James Wylie, Executive Director of Education, Leisure and Housing, Email james.wylie@orkney.gov.uk.

Hayley Green, Interim Executive Director of Environmental, Property and IT Services, Email hayley.green@orkney.gov.uk

Colin Kemp, Interim Head of Finance, Email colin.kemp@orkney.gov.uk.

9. Annexes

Annex 1: Financial summary.

Annex 2: Financial details by service area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary

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

	Spend	Budget	Over/ (Under)	Spend	Annual Budget
	£000	£000	£000	%	£000
General Fund Service					
Education	9,534.0	9,647.6	(113.6)	98.8	36,598.1
Leisure & Cultural Services	1,336.5	1,340.3	(3.8)	99.7	4,278.5
Other Housing	576.8	538.6	38.2	107.1	1,660.7
Service Totals	11,447.3	11,526.5	(79.2)	99.3	42,537.3

Non-General Fund Service					
Housing Revenue Account	908.3	851.2	57.1	106.7	0.0
Orkney College	(499.4)	272.2	(771.6)	N/A	0.0
Service Totals	408.9	1,123.4	(714.5)	36.4	0.0

Service Area	No. of PAs		Service Functions	PAs/ Function
	P02	P03		
Education	5	4	14	29%
Leisure & Cultural Services	6	5	14	36%
Other Housing	3	2	11	18%
Housing Revenue Account	2	1	6	17%
Orkney College	4	4	5	80%
Totals	20	16	50	32%

Annex 2: Financial Detail by Service Area

June 2021

The following tables show the spending position by service function

Education	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Senior Secondary Schools	1C	3,009.3	3,068.5	(59.2)	98.1	10,890.3
Junior Secondary Schools		926.5	953.5	(27.0)	97.2	3,042.6
Primary Schools	1C	3,344.6	3,289.4	55.2	101.7	11,228.6
Early Learning & Childcare		752.5	783.3	(30.8)	96.1	4,256.5
Additional Support Needs	1B	179.4	236.5	(57.1)	75.9	1,155.4
Papdale Halls of Residence		167.0	168.9	(1.9)	98.9	773.9
Quality Development		137.2	137.8	(0.6)	99.6	468.4
Administration		48.4	48.7	(0.3)	99.4	(970.4)
Assistance for Students		72.4	71.8	0.6	100.8	198.9
Community Learning & Development	1B	36.4	23.3	13.1	156.3	334.2
School Meals		265.2	251.8	13.4	105.3	1,228.1
School Transport		585.6	596.9	(11.3)	98.1	3,930.8
School Crossing Patrol		9.5	11.3	(1.8)	84.0	52.1
Parent Councils		0.0	5.9	(5.9)	0.0	8.7
Service Total		9,534.0	9,647.6	(113.6)	98.8	36,598.1

Changes in original budget position:

Original Net Budget	35,950.9
Willow Tree Nursery from Repairs and Renewals Fund	60.0
Redetermination Flexibility - Digital Inclusion	58.0
Redetermination Flexibility - Home Learning	34.0
Redetermination Flexibility - Support Staff and Teachers	218.0
Redetermination Flexibility - Additional Teachers	100.2
Contingency Contribution to Willow Tree Nursery	170.0
Flexibility Fund Contribution – Educational Psychologist	2.0
Flexibility Fund Contribution – Community Consultation Project	5.0
	36,598.1

Leisure & Cultural Services	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Administration - RC		(143.2)	(142.1)	(1.1)	100.8	386.6
Parks and Play Areas		313.0	311.6	1.4	100.4	345.9
Healthy Living Centres		10.6	11.6	(1.0)	91.1	70.1
Tourism - Caravan Sites		(34.5)	(25.2)	(9.3)	137.0	(12.5)
Tourism - Hostels	1B	(9.6)	2.2	(11.8)	N/A	(2.5)
Sports Development		4.9	6.6	(1.7)	73.9	83.4
Sports Facilities		262.6	255.1	7.5	103.0	1,030.7
Swimming Pools	1B	125.1	96.7	28.4	129.3	207.5
Active Schools		(24.5)	(20.9)	(3.6)	117.2	94.5
Community Facilities	1B	208.3	182.4	25.9	114.2	318.8
Heritage Development		140.6	154.0	(13.4)	91.3	313.9
Museums	1B	111.4	96.1	15.3	115.9	292.6
St Magnus Cathedral	1B	60.4	88.2	(27.8)	68.5	182.8
Libraries		311.4	324.0	(12.6)	96.1	966.7
Service Total		1,336.5	1,340.3	(3.8)	99.7	4,278.5

Other Housing	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Housing Support		13.7	14.2	(0.5)	96.6	65.3
Homelessness		393.5	387.3	6.2	101.6	839.2
Housing Loans		1.7	(1.2)	2.9	N/A	10.9
Energy Initiatives		71.0	70.1	0.9	101.4	38.3
Garages	1B	13.1	(2.5)	15.6	N/A	(97.1)
Miscellaneous - OH		14.9	19.0	(4.1)	78.8	228.9
Housing Benefits	1B	7.6	(4.6)	12.2	N/A	165.0
Landlord Registration		(22.5)	(21.2)	(1.3)	106.1	(21.4)
Care & Repair		51.8	50.2	1.6	103.2	312.6
Sheltered Housing		32.4	33.3	(0.9)	97.2	141.1
Student Accommodation		(0.4)	(6.0)	5.6	5.9	(22.1)
Service Total		576.8	538.6	38.2	107.1	1,660.7

Housing Revenue Account	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Administration - HRA		115.3	108.2	7.1	106.6	755.6
Property Costs - HRA		1,474.9	1,493.0	(18.1)	98.8	1,600.5
Rent Income	1C	(729.6)	(802.6)	73.0	90.9	(3,933.6)
Tenant Participation		0.1	5.0	(4.9)	2.8	25.2
Other Income - HRA		47.6	47.6	0.0	99.9	(23.0)
Finance Charges - HRA		0.0	0.0	0.0	0.0	1,575.3
Service Total		908.3	851.2	57.1	106.7	0.0

Orkney College	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Business Support	1B	(46.9)	115.9	(162.8)	N/A	334.5
Further and Higher Education	1B	(447.2)	(47.6)	(399.6)	940.3	(612.1)
Agronomy Institute		30.4	25.0	5.4	121.2	0.8
Archaeology Institute	1B	(2.1)	138.6	(140.7)	N/A	245.9
Institute for Northern Studies	1B	(33.6)	40.3	(73.9)	N/A	30.9
Service Total		(499.4)	272.2	(771.6)	N/A	0.0

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R11AC	<p>Senior Secondary Schools</p> <p>Less than anticipated expenditure by £59.2K</p> <p>Underspend with respect to secondary Pupil Equity Fund. Property costs (utilities) lower than expected. Renewable Heat Initiative grant received.</p>	<p>Monitor the situation</p> <p>Pupil Equity Fund carried forward to be spent in new academic year. Property costs expected to increase as activity outside school hours in particular increases, for example leisure and arts theatre.</p>	Peter Diamond	31/08/2021	Ongoing
R13AW	<p>Primary Schools</p> <p>More than anticipated expenditure by £55.2K</p> <p>Spend against Devolved School Management high in preparation for new school year. Profile across property costs not matching spend pattern. Feed in Tariff not yet received for some schools.</p>	<p>Monitor the situation</p> <p>Monitor, reprofile if necessary.</p>	Peter Diamond	31/08/2021	New
R14FI	<p>Additional Support Needs</p> <p>Less than anticipated expenditure by £57.1K</p> <p>Underspend on education and care provision.</p>	<p>Monitor the situation</p> <p>Continue to monitor costs of education and care placements (and consider supporting early intervention).</p>	Peter Diamond	31/08/2021	Ongoing

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R15C	<p>Community Learning & Development</p> <p>More than anticipated expenditure by £13.1K</p> <p>This is due to a combination of profiling issues and property costs for the Learning Link being more than budget.</p>	<p>Raise virements request</p> <p>Reprofiling to be undertaken accordingly.</p>	Frances Troup	31/07/2021	Ongoing

Leisure & Cultural Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17F	<p>Tourism - Hostels</p> <p>More than anticipated income by £11.8K</p> <p>A change in working practices due to COVID-19, means that bookings are now made in advance, therefore profiling needs to be realigned to reflect this.</p>	<p>Raise virements request</p> <p>Process virement to realign income, as more online bookings being received in advance.</p>	Frances Troup	31/07/2021	Ongoing
R17K	<p>Swimming Pools</p> <p>Less than anticipated income by £28.4K</p> <p>COVID-19 restrictions have led to reduced income and this, coupled with an issue with an invoice credit, has resulted in this position.</p>	<p>Monitor the situation</p> <p>Invoices are in the process of being raised.</p>	Frances Troup	31/07/2021	Ongoing
R17P	<p>Community Facilities</p> <p>Less than anticipated income by £25.9K</p> <p>Income has been reduced due to COVID-19 restrictions. Income budgets are increased annually by 3%, adding to the overspend position.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Frances Troup	31/07/2021	Ongoing

Leisure & Cultural Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17T	<p>Museums</p> <p>Less than anticipated income by £15.3K</p> <p>Income has been lower than expected due to COVID-19 restrictions. In addition, there is a profiling issue.</p>	<p>Monitor the situation</p> <p>Reprofile museum stores budget and monitor the situation.</p>	Frances Troup	31/07/2021	Ongoing
R17U	<p>St Magnus Cathedral</p> <p>Less than anticipated expenditure by £27.8K</p> <p>Property costs are less than anticipated.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Frances Troup	31/07/2021	New

Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30F	<p>Garages</p> <p>Less than anticipated income by £15.6K</p> <p>Income remains lower than anticipated. Recovery was suspended for a period of time due to COVID-19 restrictions which resulted in carry forward of arrears from 2020.21. Recovery and issue of invoices has recommenced but currently income remains lower than anticipated.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Frances Troup	31/07/2021	Ongoing
R30H	<p>Housing Benefits</p> <p>Less than anticipated income by £12.2K</p> <p>This cost centre varies between underspend and overspend each month but will normally be within budget at year end. The reason for variances is due to the interaction between the monthly instalments of government grant funding which are used to make transfer payments on four weekly and fortnightly cycles. So, depending on how many sets of payments are issued in a given month, the total spend will be more or less than the subsidy received during that month.</p>	<p>Monitor the situation</p> <p>Monitor. Revised expenditure estimate due for submission in the autumn and monthly subsidy payments will be adjusted on the basis of that submission.</p>	Gareth Waterson	31/03/2022	Ongoing

Housing Revenue Account

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R61E	<p>Rent Income</p> <p>Less than anticipated income by £73.0K</p> <p>Reduction in rent income in line with other income streams as a consequence of COVID-19 pandemic; however, there are additional transactions still to be processed at end of first quarter which will reduce the amount of the variance.</p>	<p>Process transaction(s)</p> <p>Outstanding transactions to be processed.</p> <p>Action plan to tackle rent arrears in place and recruitment to additional post now complete.</p>	Gareth Waterson	31/07/2021	New

Orkney College

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R67A	<p>Business Support</p> <p>Less than anticipated expenditure by £162.8K</p> <p>Rates bill still to be paid. Income includes grant carry forward from 2020/21 still to be repaid.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Peter Diamond	31/08/2021	Ongoing
R67B	<p>Further and Higher Education</p> <p>More than anticipated income by £399.6K</p> <p>Scottish Funding Council contribution (including carry forward) not in line with profile. Clawback still to be resolved. COVID-19 pandemic impacting on pattern of provision across the year, leading to variance with respect to profiling.</p>	<p>Monitor the situation</p> <p>Monitor the situation with a view to minimising future clawback. Review profiles within the current academic year.</p>	Peter Diamond	31/08/2021	Ongoing
R67F	<p>Archaeology Institute</p> <p>Less than anticipated expenditure by £140.7K</p> <p>Less than anticipated expenditure and more than anticipated income.</p>	<p>Monitor the situation</p> <p>Continue to monitor closely.</p>	Peter Diamond	31/08/2021	Ongoing

Orkney College

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R67G	Institute for Northern Studies Less than anticipated expenditure by £73.9K Less than anticipated expenditure and more than anticipated income.	Monitor the situation Continue to monitor closely.	Peter Diamond	31/08/2021	Ongoing