

**EDUCATION, LEISURE AND HOUSING COMMITTEE: 3 FEBRUARY 2016**

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

**JOINT REPORT BY EXECUTIVE DIRECTOR OF EDUCATION, LEISURE AND  
HOUSING, EXECUTIVE DIRECTOR OF CORPORATE SERVICES AND  
HEAD OF FINANCE**

**1. PURPOSE OF REPORT**

- 1.1 To advise of the revenue position as at 30 November 2015 across all General Fund and Non-General Fund 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 Education, Leisure and Housing for the period 1 April to 30 November 2015, indicating:
- 2.1.1 a net General Fund overspend of £45,000; and  
2.1.2 a net Non-General Fund underspend of £25,000; 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 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 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;
- 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 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.

	Spend £000	Budget £000	Over/Under		Annual Budget £000
			Spend £000	%	
<b>General Fund Services</b>					
Education	18,838	18,879	-41	99.8	29,287
Leisure and Cultural	2,662	2,570	92	103.6	4,076
Other Housing	749	755	-6	99.2	1,378
<b>Service Totals</b>	<b>22,249</b>	<b>22,204</b>	<b>45</b>	<b>100.2</b>	<b>34,741</b>

<b>Non-General Fund Services</b>	<b>Spend</b>	<b>Budget</b>	<b>Over/Under</b>		<b>Annual</b>
	<b>£000</b>	<b>£000</b>	<b>Spend</b>	<b>%</b>	<b>Budget</b>
			<b>£000</b>		<b>£000</b>
HRA	-143	-86	-57	166.3	0
Orkney College	294	262	32	112.2	-5
	<b>151</b>	<b>176</b>	<b>-25</b>	<b>85.8</b>	<b>-5</b>

- 6.2 The budget overspend across the General Fund service areas is £45K, alternatively expressed as 100.2% of the anticipated net spending position for the year to date.
- 6.3 The budget underspend across the Non-General Fund Service is £25K.
- 6.4 Across 5 service areas and 55 service functions, 7 Priority Actions 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.
- 6.5 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>P7</b>	<b>P8</b>		
Education	2	1	15	7%
Leisure and Cultural Services	2	1	15	7%
Other Housing	2	1	13	8%
Housing Revenue Account	0	0	7	0%
Orkney College	3	4	5	80%
<b>Totals</b>	<b>9</b>	<b>7</b>	<b>55</b>	<b>13%</b>

- 6.6 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 Wilfred Weir, Executive Director of Education, Leisure and Housing, Ext 2436  
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- 9.2 Gillian Morrison, Executive Director of Corporate Services, Ext. 2103  
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- 9.3 Gareth Waterson, Head of Finance, Ext 2103  
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## **10. ANNEXES**

- 10.1 Annex 1: Revenue Expenditure Statements as at 30 November 2015
- 10.2 Annex 2: Budget Action Plans

## **Annex 1: Revenue Expenditure Statement as at 30 November 2015**

<b>Education</b>	<b>PA</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/Under Spend</b>		<b>Annual Budget £000</b>
				<b>£000</b>	<b>%</b>	
Senior Secondary Schools		6,243	6,273	-30	99.5	9,285
Junior Secondary Schools		1,703	1,708	-5	99.7	2,501
Primary Schools	<b>1c</b>	6,299	6,226	73	101.2	9,069
Pre-School Education		801	811	-10	98.8	1,346
Additional Support Needs		812	841	-29	96.6	912
Papdale Halls of Residence		368	408	-40	90.2	683
Quality Development		-65	-64	-1	101.6	-122
Administration		570	566	4	100.7	1,655
Assistance for Students		107	107	0	100.0	202
Community Learning and Dev		269	269	0	100.0	417
School Meals		614	660	-46	93.0	1,081
School Transport		1,061	1,014	47	104.6	2,173
School Crossing Patrol		21	29	-8	72.4	48
Miscellaneous Grants		27	25	2	108.0	29
Parent Councils		8	6	2	133.3	8
<b>Service Totals</b>		<b>18,838</b>	<b>18,879</b>	<b>-41</b>	<b>99.8</b>	<b>29,287</b>

### **Budget Summary**

Original Net Budget	29,253
Redetermination - 1+2 Languages	28
Redetermination - Additional support for National Qualifications	4
Contribution for project officer from Leisure and Cultural Services	2
<b>Revised Net Budget</b>	<b>29,287</b>

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

Leisure and Cultural Services	PA	Spend £000	Budget £000	Over/Under		Annual Budget £000
				Spend £000	%	
Administration		108	107	1	100.9	352
Parks and Play Areas		303	285	18	106.3	352
Healthy Living Centres		11	15	-4	73.3	50
Caravan Sites		-17	-19	2	89.5	-13
Hostels		0	-5	5	0.0	5
Sports Development		55	54	1	101.9	75
Sports Facilities		559	566	-7	98.8	898
Swimming Pools		159	152	7	104.6	210
Theatres		16	15	1	106.7	8
Active Schools		54	48	6	112.5	62
Community Facilities		237	230	7	103.0	315
Heritage Development		211	219	-8	96.3	308
Museums	<b>1b</b>	241	219	22	110.0	333
St Magnus Cathedral		96	97	-1	99.0	220
Libraries		629	587	42	107.2	921
Movement in Reserves		0	0	0	n/a	-20
<b>Service Totals</b>		<b>2,662</b>	<b>2,570</b>	<b>92</b>	<b>103.6</b>	<b>4,076</b>

**Budget Summary**

Original Net Budget	4,078
Contribution to project officer from Leisure and Cultural Services	-2
	<b>4,076</b>

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

		<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>Other Housing</b>						
Housing Support		34	36	-2	94.4	57
Homelessness		568	531	37	107.0	726
Housing Loans		2	6	-4	33.3	5
Housing Grants		-207	-208	1	99.5	59
Energy Initiatives		120	129	-9	93.0	50
Garage Lets		-46	-41	-5	112.2	-75
Miscellaneous		25	17	8	147.1	80
Housing Benefits	<b>1b</b>	48	60	-12	80.0	92
Mobile Home Sites		1	1	0	100.0	0
Landlord Registration		-34	-25	-9	136.0	-18
Care and Repair		195	193	2	101.0	306
Sheltered Housing		65	74	-9	87.8	116
Student Accommodation		-22	-18	-4	122.2	-20
<b>Service Totals</b>		<b>749</b>	<b>755</b>	<b>-6</b>	<b>99.2</b>	<b>1,378</b>

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

		<b>Spend</b>	<b>Budget</b>	<b>Over/Under</b>		<b>Annual</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>Budget</b>
						<b>£000</b>
<b>Housing Revenue Account</b>	<b>PA</b>					
Administration		277	303	-26	91.4	672
Property Costs		1,788	1,803	-15	99.2	2,091
Rent Income		-2,215	-2,191	-24	101.1	-3,223
Tenant Participation		15	14	1	107.1	23
Other Income		-8	-15	7	53.3	-44
Movement in Reserves		0	0	0	n/a	-717
Finance Charges		0	0	0	n/a	1,198
<b>Service Totals</b>		<b>-143</b>	<b>-86</b>	<b>-57</b>	<b>166.3</b>	<b>0</b>

  

		<b>Spend</b>	<b>Budget</b>	<b>Over/Under</b>		<b>Annual</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>Budget</b>
						<b>£000</b>
<b>Orkney College</b>	<b>PA</b>					
Business Support	<b>1b</b>	226	256	-30	88.3	-10
Further and Higher Education		-261	-282	21	92.6	5
Agronomy Institute	<b>1b</b>	40	13	27	307.7	0
Archaeology Institute	<b>1b</b>	232	266	-34	87.2	0
Centre for Nordic Studies	<b>1b</b>	57	9	48	633.3	0
<b>Service Totals</b>		<b>294</b>	<b>262</b>	<b>32</b>	<b>112.2</b>	<b>-5</b>



**Annex 2: Budget Action Plan**

<b>Education</b>					
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Deadline</b>	<b>Status</b>
<b>ED5</b>	<p><b>Primary Schools</b> Overspend £73K</p> <p>This overspend is due to a number of smaller overspends across the Primary school sector, the main ones being – Devolved School Management of £30K and property costs of £29K.</p>	No action required at this stage.	P Diamond	<del>31/10/15</del> 31/12/15	<b>P6 Action - Ongoing</b>
<b>ED7</b>	<p><b>Additional Support Needs</b> Underspend £29K</p> <p>Overspend in P7 was entirely due to the present high number of out of Orkney placements. This budget is demand led with unavoidable additional and expensive placements often arising at very short notice.</p>	Continue to liaise with Orkney Health and Care, who share this cost with the Education service, to determine anticipated level of demand likely for the rest of this year and associated budget pressures.	P Diamond	<b>30/11/15</b>	<p><b>P7 Action – Completed</b></p> <p>Overspend in P7, now an underspend due to the service receiving a contribution from the Outwith Orkney Placement Fund in P8.</p>

**Annex 2: Budget Action Plan**

<b>Leisure and Cultural 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>LS2</b>	<p><b>Museums</b> Overspend £22K</p> <p>Majority of overspend is within Property Costs (£10K) being made up of small overspends across several sites within the service.</p> <p>Supplies and Services overspend of £7K at Orkney Museum due to seasonal purchasing of goods for resale at the Museum.</p> <p>Sales income also down at various museum sites by £6K.</p>	No action necessary other than to closely monitor expenditure for the rest of the year.	K Greaves	<del>31/10/15</del> 31/12/15	<b>P4 Action – Ongoing</b>
<b>LS4</b>	<p><b>Swimming Pools</b> Overspend £7K</p> <p>In P7 there was a staffing overspend of £8K and Sales/Fees and charges income £10K lower than anticipated.</p>	A marketing strategy to increase income at the Stromness Pool is being developed.	K Greaves	<b>31/10/15</b>	<b>P6 Action - Completed</b>

**Annex 2: Budget Action Plan**

<b>Other Housing</b>					
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Deadline</b>	<b>Status</b>
<b>OH3</b>	<p><b>Housing Benefits</b> Underspend £12K</p> <p>A revised subsidy estimate to take account of any over/underspend due to be submitted to the Department for Works and Pensions at the year end.</p>	<p>No action required at this stage.</p> <p>Continue to monitor.</p>	G Waterson	<p><del>31/10/15</del> 31/03/16</p>	<b>P3 Action – Ongoing</b>
<b>OH5</b>	<p><b>Landlord Registration</b> Underspend £9K</p> <p>Underspend all due to Fees and Charges income being higher than anticipated with it being the anniversary year for landlord registrations with more renewals than normal being made.</p>	No action required at this stage.	F Troup	<b>30/11/15</b>	<b>P7 Action - Completed</b>

## Annex 2: Budget Action Plan

<b>Orkney College</b>					
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Deadline</b>	<b>Status</b>
<b>OC2</b>	<p><b>Archaeology Institute</b> Underspend £34K</p> <p>£31K staff underspend across the institute which mainly reflects lower spend on relief staff costs. This is linked to project activity.</p> <p>£11K of grants received sooner than expected, total grants as budgeted.</p>	<p>Continue to monitor activity as expenditure is linked to income generating activity.</p> <p>Anticipate reducing relief staff budget and also reducing projected income.</p>	K Greaves	<p><del>31/10/15</del> 31/12/15</p>	<b>P5 Action – Ongoing</b>
<b>OC4</b>	<p><b>Business Support</b> Underspend £30K</p> <p>£10K staff underspend due to staff turnover and delayed recruitment.</p> <p>£8K underspend on supplies and services linked to planned grant spend. Details of how some of the grant will be spent are yet to be finalised.</p> <p>£5K ahead of profile for</p>	None at present. Continue to monitor.	K Greaves	<p><del>31/10/15</del> 31/12/15</p>	<b>P6 Action – Ongoing</b>

## Annex 2: Budget Action Plan

<b>Orkney College</b>					
<b>Action Point</b>	<b>Function/Explanation</b>	<b>Action</b>	<b>Responsible Officer(s)</b>	<b>Deadline</b>	<b>Status</b>
	grants, mainly for funded travel. Total budget remains realistic.  £6K ahead on fees and charges due to income being collected early.				
<b>OC5</b>	<b>Centre for Nordic Studies</b> Overspend £48K  'Income to find' currently at £54.8K. Depending on the outcome of income being sourced and review of the Centre for Nordic Studies, the year-end shortfall could be up to circa £50K.	Review of the Centre for Nordic Studies ongoing which will result in expenditure savings and a balanced position going forward in 2016-17.	K Greaves	<b>30/11/15</b> <b>31/03/16</b>	<b>P7 Action – Ongoing</b>
<b>OC6</b>	<b>Agronomy Institute</b> Overspend £27K  'Income to find' currently at £33.8K. It is expected that there will be a year-end shortfall of circa £30K for 2015-16.	Forward planning shows that, subject to a grant award, this area will return surpluses in 2016-17 and 2017-18.	K Greaves	<b>31/03/16</b>	<b>New Action</b>