

Item: 6

College Management Council Sub-committee: 22 August 2022.

Revenue Expenditure Monitoring.

Joint Report by Corporate Director for Education, Leisure and Housing and Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 30 June 2022 across each of the service areas for which the Sub-committee is responsible.

2. Recommendations

The Sub-committee is invited to note:

2.1.

The revenue financial detail in respect of Orkney College for the period 1 April to 30 June 2022, attached as Annex 1 to this report, indicating a net surplus of £87,200.

The Sub-committee is invited to scrutinise:

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 in order to obtain assurance that action is being taken with regard to significant budget variances.

3. Background

3.1.

On 10 March 2022, the Council set its overall revenue budget for financial year 2022/23. On 21 June 2022, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2022/23, which form the basis of the individual revenue expenditure monitoring reports.

3.2.

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.

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 as 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 correction 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 Corporate 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 details by service area statement for the period 1 April to 30 June 2022 is attached as Annex 1 to this report.

4.2.

The Budget Action Plan, attached as Annex 2 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 Outcomes 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

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9. Annexes

Annex 1: Financial details by service area.

Annex 2: Budget Action Plan.

Annex 1: Financial Detail by Service Area**June 2022**

The following tables show the spending position by service function

| | | Spend | Budget | Over/(Under) | Spend | Annual |
|--------------------------------|-----------|--------------|---------------|---------------------|--------------|---------------|
| | PA | £000 | £000 | £000 | % | Budget |
| | | | | | | £000 |
| Orkney College | | | | | | |
| Business Support | 1B | 139.1 | 95.9 | 43.2 | 145.0 | 445.2 |
| Further and Higher Education | 1B | (90.3) | (113.1) | 22.8 | 79.8 | (668.2) |
| Agronomy Institute | | 28.8 | 25.9 | 2.9 | 111.0 | 4.4 |
| Archaeology Institute | 1B | (127.6) | 34.7 | (162.3) | N/A | 234.9 |
| Institute for Northern Studies | | 45.8 | 39.6 | 6.2 | 115.8 | (16.3) |
| Service Total | | (4.2) | 83.0 | (87.2) | N/A | 0.0 |

Orkney College

| Function | Function Description/ Explanation | Action Category/ Action Description | Responsible Officer | Deadline | Status |
|----------|--|--|------------------------|------------|---------|
| R67A | <p>Business Support</p> <p>More than anticipated expenditure by £43.2K</p> <p>Income from rents and lettings not yet received. Plus, rates and property insurances charged earlier than in previous years.</p> | <p>Monitor the situation</p> <p>Expenditure versus budget is anticipated to level out as year progresses.</p> | Claire Meakin | 31/08/2022 | Ongoing |
| R67B | <p>Further and Higher Education</p> <p>Less than anticipated income by £22.8K</p> <p>Increased staff costs due to requirement for covering of additional Inclusive Practice courses.</p> | <p>Monitor the situation</p> <p>Courses are being reviewed for next year. In the meantime, these staff costs will be funded by income within the overall Orkney College budget.</p> | Claire Meakin | 31/08/2022 | Ongoing |
| R67F | <p>Archaeology Institute</p> <p>Less than anticipated expenditure by £162.3K</p> <p>Better than expected grant income; better than expected teaching income reflecting buoyant student intake on Post Graduate Taught programmes.</p> | <p>No action required</p> <p>A budget will be put in place for the Archaeology Institute which will balance to zero at year end.</p> <p>Number of students and student fee income is currently ahead of budget, and this will be monitored.</p> | Claire Meakin | 31/08/2022 | Ongoing |