

Item: 5

Education, Leisure and Housing Committee: 6 September 2023.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 30 June 2023 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 service areas for which the Education, Leisure and Housing Committee is responsible, for the period 1 April to 30 June 2023, attached as Annex 1 to this report, indicating a budget underspend position of £208,100.

2.2.

The revenue financial detail by service area statement, in respect of service areas for which the Education, Leisure and Housing Committee is responsible, for the period 1 April to 30 June 2023, 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 7 March 2023, the Council set its overall revenue budget for financial year 2023/24. On 20 June 2023, the Policy Resources Committee recommended approval of the detailed revenue budgets for 2023/24, 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 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 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 financial summary for the period 1 April to 30 June 2023 is attached as Annex 1 to this report.

4.2.

The detail 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 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

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. Legal Aspects

Regular financial monitoring and reporting help the Council meet its statutory obligation to secure best value.

8. Contact Officer

Erik Knight, Head of Finance, extension 2127, Email erik.knight@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

June 2023

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

General Fund					
Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Education	11,307.9	11,179.2	128.7	101.2	42,177.0
Leisure & Cultural Services	1,514.4	1,641.7	(127.3)	92.2	4,686.3
Other Housing	505.7	613.7	(108.0)	82.4	2,091.2
	13,328.0	13,434.6	(106.6)	99.2	48,954.5
Non-General Fund					
Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Housing Revenue Account	1,047.6	1,186.4	(138.8)	88.3	0.0
Orkney College	170.1	132.8	37.3	128.1	0.0
	1,217.7	1,319.2	(101.5)	92.3	0.0
Service Totals	14,545.7	14,753.8	(208.1)	98.6	48,954.5

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

Service Area	No. of PAs		Service Functions	PAs/ Function
	P02	P03		
Education	7	7	14	50%
Leisure & Cultural Services	9	8	14	57%
Other Housing	5	3	11	27%
Housing Revenue Account	3	2	6	33%
Orkney College	4	5	5	100%
Totals	28	25	50	50%

Annex 2: Financial Detail by Service Area**June 2023**

The following tables show the spending position by service function

General Fund

	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Education						
Senior Secondary Schools	1C	3,532.8	3,615.7	(82.9)	97.7	11,907.3
Junior Secondary Schools		1,010.2	978.0	32.2	103.3	3,236.5
Primary Schools	1C	3,460.0	3,352.4	107.6	103.2	11,901.5
Early Learning & Childcare		886.2	910.3	(24.1)	97.4	4,694.8
Additional Support Needs	1B	931.6	777.3	154.3	119.9	3,220.3
Papdale Halls of Residence	1B	176.0	198.7	(22.7)	88.6	907.0
Quality Development	1B	(20.5)	4.2	(24.7)	N/A	102.0
Administration		161.6	160.2	1.4	100.9	(396.3)
Assistance for Students		58.6	56.9	1.7	103.0	214.2
Community Learning & Development		55.2	61.4	(6.2)	89.9	514.5
School Meals	1B	405.1	353.9	51.2	114.5	1,759.1
School Transport	1C	638.0	690.4	(52.4)	92.4	4,041.6
School Crossing Patrol		10.9	13.9	(3.0)	78.4	64.2
Parent Councils		2.2	5.9	(3.7)	37.3	10.3
Service Total		11,307.9	11,179.2	128.7	101.2	42,177.0

Changes in original budget position:

Original Net Budget	41,995.5
Temp PT2 Post – KGS	27.0
ELC Furniture from R&R Fund	154.5
	<u>4,686.3</u>

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
						£000
Leisure & Cultural Services						
Administration - RC	1B	24.8	47.3	(22.5)	52.4	438.1
Parks and Play Areas	1B	364.8	313.1	51.7	116.5	360.6
Healthy Living Centres	1B	2.7	14.1	(11.4)	19.1	82.0
Tourism - Caravan Sites	1B	(36.0)	(4.0)	(32.0)	900.0	(13.0)
Tourism - Hostels	1B	(15.1)	11.0	(26.1)	N/A	4.5
Sports Development		24.0	21.8	2.2	110.1	97.2
Sports Facilities		321.9	334.6	(12.7)	96.2	1,069.6
Swimming Pools	1B	148.3	133.8	14.5	110.8	285.3
Active Schools		(25.3)	(25.5)	0.2	99.2	50.6
Community Facilities		188.3	175.2	13.1	107.5	293.1
Heritage Development		21.1	28.4	(7.3)	74.3	340.3
Museums	1B	95.6	117.7	(22.1)	81.2	326.7
St Magnus Cathedral	1B	56.2	117.0	(60.8)	48.0	259.5
Libraries		343.1	357.2	(14.1)	96.1	1,091.8
Service Total		1,514.4	1,641.7	(127.3)	92.2	4,686.3

Changes in original budget position:

Original Net Budget	4,665.4
Kickstart Scheme	20.9
	<u>4,686.3</u>

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
						£000
Other Housing						
Housing Support		6.6	15.6	(9.0)	42.3	71.7
Homelessness	1B	341.8	443.5	(101.7)	77.1	1,106.7
Housing Loans		(3.7)	(1.3)	(2.4)	284.6	12.7
Energy Initiatives		283.5	283.6	(0.1)	100.0	42.2
Garages		(0.2)	(1.3)	1.1	15.4	(95.9)
Miscellaneous - OH	1B	(101.7)	(155.6)	53.9	65.4	259.9
Housing Benefits	1B	(31.7)	14.5	(46.2)	N/A	251.1
Landlord Registration		(24.3)	(24.5)	0.2	99.2	(24.6)
Care & Repair		1.8	4.1	(2.3)	43.9	312.6
Sheltered Housing		38.0	41.1	(3.1)	92.5	176.9
Student Accommodation		(4.4)	(6.0)	1.6	73.3	(22.1)
Service Total		505.7	613.7	(108.0)	82.4	2,091.2

Non-General Fund

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
						£000
Housing Revenue Account						
Administration - HRA	1B	164.2	117.6	46.6	139.6	841.2
Property Costs - HRA		1,647.7	1,645.0	2.7	100.2	1,760.8
Rent Income	1B	(767.7)	(585.3)	(182.4)	131.2	(4,341.2)
Tenant Participation		3.9	9.1	(5.2)	42.9	43.8
Other Income - HRA		(0.5)	0.0	(0.5)	0.0	(23.0)
Finance Charges - HRA		0.0	0.0	0.0	0.0	1,718.4
Service Total		1,047.6	1,186.4	(138.8)	88.3	0.0

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
						£000
Orkney College						
Business Support	1B	62.6	125.5	(62.9)	49.9	468.2
Further and Higher Education	1B	(36.4)	(9.0)	(27.4)	404.4	(507.8)
Agronomy Institute	1B	16.2	32.3	(16.1)	50.2	(5.1)
Archaeology Institute	1B	113.2	(49.8)	163.0	N/A	152.0
Institute for Northern Studies	1B	14.5	33.8	(19.3)	42.9	(107.3)
Service Total		170.1	132.8	37.3	128.1	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 £82.9K</p> <p>Property costs are less than anticipated due to electricity and gas bills still outstanding.</p>	<p>Monitor the situation</p> <p>This will correct itself when energy costs are recharged.</p>	Peter Diamond	31/08/2023	Ongoing
R13AW	<p>Primary Schools</p> <p>More than anticipated expenditure by £107.6K</p> <p>Long-term sickness and maternity cover more than anticipated. Pupil Equity Funding staffing spend was ahead of the budget profile.</p>	<p>Monitor the situation</p> <p>Continue to monitor relevant cost centres and follow sickness guidelines.</p> <p>Review budget profile for Pupil Equity funding.</p>	Peter Diamond	31/10/2023	Ongoing
R14FI	<p>Additional Support Needs</p> <p>More than anticipated expenditure by £154.3K</p> <p>Expenditure on existing commitments (education and care placements) exceeds the budget; continue to monitor as some placements are anticipated to end prior to the mid-year point being reached.</p>	<p>Monitor the situation</p> <p>Continue to monitor as some Out of Orkney placements are due to end, which will reduce the demand on the budget.</p> <p>Finance Services balance the Out of Orkney placements at the year end.</p>	Peter Diamond	31/10/2023	Ongoing

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R14J	<p>Papdale Halls of Residence</p> <p>Less than anticipated expenditure by £22.7K</p> <p>Underspend of £6k due to staff grading accrual. Property costs are also underspent by £17k - no electricity for March or LPG Gas have been charged yet. Admin costs underspend due to insurance profiled for April/May but not yet charged.</p>	<p>Monitor the situation</p> <p>Monitor - staff grading, utilities bills and insurance have now been paid.</p>	Frances Troup	31/08/2023	Ongoing
R14N	<p>Quality Development</p> <p>Less than anticipated expenditure by £24.7K</p> <p>Extra budget due to be vired to help fund a Study Support Teacher, 0.2FTE Probationer Support Teacher and remainder used for Education Recovery.</p>	<p>Raise virements request</p> <p>A recharge will be done regarding the support posts which are funded from this function.</p>	Peter Diamond	31/07/2023	New
R15DE	<p>School Meals</p> <p>More than anticipated expenditure by £51.2K</p> <p>This is primarily due to less income being received than anticipated.</p>	<p>Raise virements request</p> <p>Virement to be processed to realign budget to match actuals.</p>	Frances Troup	31/08/2023	Ongoing

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R15F	School Transport Less than anticipated expenditure by £52.4K A number of invoices (which were expected) have not been received in the expected timeframe.	Monitor the situation The suppliers have been contacted to get all outstanding invoices received and paid.	Peter Diamond	29/09/2023	Ongoing

Leisure & Cultural Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17A	Administration - RC Less than anticipated expenditure by £22.5K Budget not set.	Raise virements request Virement to set budget.	Frances Troup	31/08/2023	Ongoing
R17C	Parks and Play Areas More than anticipated expenditure by £51.7K Costs have increased by £57k but the budget has remained static.	Monitor the situation Discussion to take place with Finance Services regarding this increased cost.	Frances Troup	31/08/2023	New
R17D	Healthy Living Centres Less than anticipated expenditure by £11.4K Underspend is mainly due to the pay grading accruals.	Monitor the situation Pay grading paid to staff in June.	Frances Troup	31/08/2023	Ongoing
R17E	Tourism - Caravan Sites More than anticipated income by £32.0K Payments received in advance for season.	Monitor the situation No action meantime. Situation will level out during season.	Frances Troup	30/09/2023	Ongoing

Leisure & Cultural Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17F	<p>Tourism - Hostels</p> <p>Less than anticipated expenditure by £26.1K</p> <p>Payments made in advance for holiday season.</p>	<p>Monitor the situation</p> <p>Would expect this to level out as season progresses. No action required.</p>	Frances Troup	30/09/2023	Ongoing
R17K	<p>Swimming Pools</p> <p>More than anticipated expenditure by £14.5K</p> <p>This is due to the staff costs pay grading back pay, rental costs being higher than budgeted allocation and actual income being less than budgeted.</p>	<p>Monitor the situation</p> <p>Monitor the situation. Re-evaluate all budget lines in this area and establish an action plan.</p>	Frances Troup	31/08/2023	Ongoing
R17T	<p>Museums</p> <p>Less than anticipated expenditure by £22.1K</p> <p>Staffing gap due to long term sickness absence, difficulties with providing cover coupled with shop sales and donations having recorded higher levels of income than anticipated.</p>	<p>Monitor the situation</p> <p>Monitor the situation meantime. Relief staff will continue to be sought to cover gaps.</p>	Frances Troup	31/08/2023	Ongoing

Leisure & Cultural Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17U	St Magnus Cathedral Less than anticipated expenditure by £60.8K Building insurance costs have not been charged yet.	Monitor the situation This has now been charged.	Frances Troup	31/08/2023	New

Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30B	<p>Homelessness</p> <p>Less than anticipated expenditure by £101.7K</p> <p>A combination of repairs and maintenance costs not having been charged yet, an invoice not having been paid yet (£20.9k) and temporary accommodation being full and therefore higher rental income being obtained (£51.9k).</p>	<p>Monitor the situation</p> <p>Repairs and maintenance costs will be charged shortly. Invoice has been paid.</p>	Frances Troup	31/08/2023	Ongoing
R30G	<p>Miscellaneous - OH</p> <p>Less than anticipated income by £53.9K</p> <p>A combination of no budget being set, a coding error (£34k) and profiling needing to be corrected.</p>	<p>Raise virements request</p> <p>A virement to be done to reprofile and a journal entry to be done to correct a coding error.</p>	Frances Troup	31/08/2023	Ongoing
R30H	<p>Housing Benefits</p> <p>Less than anticipated expenditure by £46.2K</p> <p>There has been a subsidy which has been repaid and applications are slightly lower than anticipated.</p>	<p>No action required</p> <p>No action required but payments will be monitored.</p>	Erik Knight	31/07/2023	New

Housing Revenue Account

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R61A	<p>Administration - HRA</p> <p>More than anticipated expenditure by £46.6K</p> <p>Invoices paid relating to purchase of properties in 2022/23. Also, membership fees and software invoices paid ahead of schedule.</p>	<p>Monitor the situation</p> <p>Monitor the situation meantime.</p>	Frances Troup	31/08/2023	Ongoing
R61E	<p>Rent Income</p> <p>More than anticipated income by £182.4K</p> <p>The profile for rent income is not accurately reflecting the income being received.</p>	<p>Raise virements request</p> <p>An analysis will be completed and a virement will be processed to accurately reflect the income due to be received.</p>	Erik Knight	30/06/2023	Ongoing

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 £62.9K</p> <p>Rates not yet charged (£117K). Noting that the budget for the top slice portion of the grant from UHI is too high. This offsets the underspend on rates at this stage of the year by £44k. There is also café income of (£12K) which is ahead of the income profile. Plus, other smaller variances.</p>	<p>Monitor the situation</p> <p>Awaiting invoice for rates.</p> <p>Reprofile café sales income budget.</p>	Peter Diamond	31/08/2023	Ongoing
R67B	<p>Further and Higher Education</p> <p>More than anticipated income by £27.4K</p> <p>There is budget for a 4% pay award for 22/23 and a 3% pay award for 23/24 for lecturing staff, and a 2% pay award for other staff, included in the staff budget. The pay awards have not yet been agreed or paid.</p>	<p>Monitor the situation</p> <p>No action required as we await the outcome of the pay settlement.</p>	Peter Diamond	31/08/2023	Ongoing
R67C	<p>Agromony Institute</p> <p>Less than anticipated expenditure by £16.1K</p> <p>Staff vacancy.</p>	<p>Monitor the situation</p> <p>ELH senior management are engaged in the recruitment process.</p>	Peter Diamond	31/08/2023	New

Orkney College

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R67F	<p>Archaeology Institute</p> <p>Less than anticipated income by £163.0K</p> <p>Invoicing for International Students has not yet been completed. The amount of fee income for International Students is not yet known. Plus, the Other Grants and Reimbursements income is behind budget profile.</p>	<p>Process transaction(s)</p> <p>Details of International students being obtained from UHI in order for invoicing to be undertaken.</p> <p>Budget holders to provide detailed information on Grants and commercial income for 2023/24.</p>	Peter Diamond	31/07/2023	Ongoing
R67G	<p>Institute for Northern Studies</p> <p>Less than anticipated expenditure by £19.3K</p> <p>Income is ahead of budget profile.</p>	<p>Monitor the situation</p> <p>Budget to be reviewed and virement processed if necessary.</p>	Peter Diamond	31/08/2023	Ongoing