

Item: 4

Education, Leisure and Housing Committee: 7 September 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 all General and Non-General Fund 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 2022, attached as Annex 1 to this report, indicating the following:

- A net General Fund underspend of £207,600.
- A net Non-General Fund underspend of £121,800.

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 2022, 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 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 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 2022 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

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Email james.wylie@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

June 2022

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

	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
General Fund Service					
Education	10,815.8	10,737.5	78.3	100.7	38,823.1
Leisure & Cultural Services	1,613.7	1,573.3	40.4	102.6	4,568.0
Other Housing	377.0	703.3	(326.3)	53.6	1,842.2
Service Totals	12,806.5	13,014.1	(207.6)	98.4	45,233.3

Non-General Fund Service

Housing Revenue Account	1,135.3	1,169.9	(34.6)	97.0	0.0
Orkney College	(4.2)	83.0	(87.2)	N/A	0.0
Service Totals	1,131.1	1,252.9	(121.8)	N/A	0.0

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	4	7	14	50%
Leisure & Cultural Services	5	7	14	50%
Other Housing	4	5	12	42%
Housing Revenue Account	2	1	6	17%
Orkney College	4	3	5	60%
Totals	19	23	51	45%

Annex 2: Financial Detail by Service Area

June 2022

The following tables show the spending position by service function

		Spend	Budget	Over/(Under)	Spend	Annual
Education	PA	£000	£000	£000	%	Budget
						£000
Senior Secondary Schools		3,404.9	3,362.5	42.4	101.3	11,274.7
Junior Secondary Schools		1,011.9	993.1	18.8	101.9	3,116.5
Primary Schools	1C	3,617.5	3,519.9	97.6	102.8	11,914.1
Early Learning & Childcare	1C	835.0	901.2	(66.2)	92.7	4,343.4
Additional Support Needs	1B	397.2	297.6	99.6	133.5	1,258.6
Papdale Halls of Residence		180.0	176.1	3.9	102.2	808.1
Quality Development		146.3	147.2	(0.9)	99.4	202.0
Administration	1B	60.8	131.5	(70.7)	46.2	(396.6)
Assistance for Students	1B	61.7	94.7	(33.0)	65.1	224.1
Community Learning & Development	1B	72.3	96.5	(24.2)	74.9	464.5
School Meals	1B	364.2	309.2	55.0	117.8	1,509.0
School Transport		655.0	696.0	(41.0)	94.1	4,041.0
School Crossing Patrol		9.0	11.9	(2.9)	75.7	54.8
Parent Councils		0.0	0.1	(0.1)	0.0	8.9
Service Total		10,815.8	10,737.5	78.3	100.7	38,823.1

Changes in original budget position:

Original Net Budget	38,405.5
Ph II Corp Mgt Restructure GF: Community Learning Officer	94.0
100 days post KGS	25.0
100 days post from KGS	36.7
Additional Ed Recovery from Redeterminations Fund	110.3
Disability Assist from Redeterminations Fund	10.0
CO2 Monitors from Redeterminations Fund	15.0
Profile correction	87.9
Profile correction	40.0
Profile correction	17.4
Remove 100 days post	(61.7)
Temp PT2 Post for KGS from Workforce Mgt Fund	43.0
	38,823.1

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
						£000
Leisure & Cultural Services						
Administration - RC	1B	53.9	40.8	13.1	132.1	580.6
Parks and Play Areas		306.6	309.6	(3.0)	99.0	350.2
Healthy Living Centres		13.7	12.8	0.9	106.4	75.9
Tourism - Caravan Sites	1B	(34.2)	(3.9)	(30.3)	873.4	(13.5)
Tourism - Hostels	1B	(8.9)	9.1	(18.0)	N/A	(2.2)
Sports Development		20.6	24.6	(4.0)	83.6	86.4
Sports Facilities		265.5	271.2	(5.7)	97.9	1,040.1
Swimming Pools	1B	133.1	105.6	27.5	126.1	213.0
Active Schools	1B	(31.0)	0.9	(31.9)	N/A	76.2
Community Facilities	1B	215.6	187.1	28.5	115.2	284.5
Heritage Development	1B	108.1	56.8	51.3	190.4	326.6
Museums		118.7	109.2	9.5	108.8	363.9
St Magnus Cathedral		114.7	109.8	4.9	104.5	193.2
Libraries		337.3	339.7	(2.4)	99.3	993.1
Service Total		1,613.7	1,573.3	40.4	102.6	4,568.0

Changes in original budget position:

Original Net Budget	4,237.4
Summer Holiday Provision Funding	40.6
Scapa Flow Museum contribution from Crown Estate Fund	70.0
Environmental Monitoring System & Contactless pliers from R&C Fund	6.1
Employability NOLB from Redeterminations Fund	39.7
Employability PESF from Redeterminations Fund	28.2
Employability PESF Boost from Redeterminations Fund	15.1
Employability Young Persons Guarantee from Redeterminations Fund	130.9
	4,568.0

		Spend	Budget	Over/(Under)	Spend	Annual
		£000	£000	£000	%	Budget
						£000
Other Housing	PA					
Housing Support		13.7	14.7	(1.0)	93.7	67.3
Homelessness	1B	375.5	420.4	(44.9)	89.3	991.2
Housing Loans		(9.2)	(1.2)	(8.0)	761.4	11.0
Energy Initiatives		25.5	16.9	8.6	150.8	39.5
Garages	1B	11.6	(2.5)	14.1	N/A	(97.1)
Miscellaneous - OH		11.3	18.2	(6.9)	62.2	232.6
Housing Benefits		(3.9)	0.9	(4.8)	N/A	182.7
Landlord Registration	1B	(31.9)	(59.8)	27.9	53.4	(22.5)
Care & Repair	1B	7.8	267.1	(259.3)	2.9	312.6
Sheltered Housing		33.6	34.6	(1.0)	97.1	147.0
Student Accommodation		(1.2)	(6.0)	4.8	20.4	(22.1)
Poverty and Social Inclusion	1B	(55.8)	0.0	(55.8)	0.0	0.0
Service Total		377.0	703.3	(326.3)	53.6	1,842.2

Changes in original budget position:

Original Net Budget	1,768.2
Ph II Corp Mgt Restructure GF	74.0
	1,842.2

		Spend	Budget	Over/(Under)	Spend	Annual
		£000	£000	£000	%	Budget
						£000
Housing Revenue Account	PA					
Administration - HRA	1B	98.1	136.7	(38.6)	71.7	888.6
Property Costs - HRA		1,591.0	1,577.6	13.4	100.9	1,686.4
Rent Income		(559.5)	(549.5)	(10.0)	101.8	(4,185.0)
Tenant Participation		0.2	5.1	(4.9)	3.0	25.6
Other Income - HRA		5.5	0.0	5.5	0.0	(23.0)
Finance Charges - HRA		0.0	0.0	0.0	0.0	1,607.4
Service Total		1,135.3	1,169.9	(34.6)	97.0	0.0

		Spend	Budget	Over/(Under)	Spend	Annual
		£000	£000	£000	%	Budget
						£000
Orkney College	PA					
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

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R13AW	<p>Primary Schools</p> <p>More than anticipated expenditure by £97.6K</p> <p>Overspend due to higher building running costs and staff supply costs for various schools.</p>	<p>Monitor the situation</p> <p>Monitor school building and staff supply costs.</p>	Claire Meakin	31/08/2022	New
R14A	<p>Early Learning & Childcare</p> <p>Less than anticipated expenditure by £66.2K</p> <p>Underspend due to staff vacancies in a number of ELC settings.</p>	<p>Monitor the situation</p> <p>Recruitment is currently in progress for 10 Early Years Practitioner vacant posts.</p>	Claire Meakin	31/08/2022	New
R14FI	<p>Additional Support Needs</p> <p>More than anticipated expenditure by £99.6K</p> <p>Cost of exceptional packages of care (shared with OHAC) higher than anticipated budget profile.</p>	<p>Monitor the situation</p> <p>Continue to monitor the situation. Additional funds from Out with Orkney Placements Fund may be required at the end of the financial year.</p>	Claire Meakin	31/03/2023	Ongoing
R15A	<p>Administration</p> <p>Less than anticipated expenditure by £70.7K</p> <p>Several vacant posts are creating an underspend situation. Also, grant funding received ahead of budget profile being set up.</p>	<p>Raise virements request</p> <p>Set up budget profile for grant funding. Monitor the recruitment process for the vacant posts.</p>	Claire Meakin	31/08/2022	Ongoing

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R15B	<p>Assistance for Students</p> <p>Less than anticipated expenditure by £33.0K</p> <p>Underspend due to vacant posts and less payments than anticipated.</p>	<p>Monitor the situation</p> <p>Monitor situation meantime.</p>	Frances Troup	31/08/2022	New
R15C	<p>Community Learning & Development</p> <p>Less than anticipated expenditure by £24.2K</p> <p>A combination of additional posts being created through the restructure and yet to be filled and invoices which were accrued for and have yet to be received.</p>	<p>Monitor the situation</p> <p>Post will be filled shortly; invoices have started to come in</p>	Frances Troup	31/08/2022	Ongoing
R15DE	<p>School Meals</p> <p>More than anticipated expenditure by £55.0K</p> <p>A combination of lower income as a result of COVID absences and fewer senior pupils having school meals during exam leave and a virement being required to correct profiling.</p>	<p>Raise virements request</p> <p>Virement to correct profiling, otherwise monitor the situation.</p>	Frances Troup	31/08/2022	Ongoing

Leisure & Cultural Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17A	Administration - RC More than anticipated expenditure by £13.1K Some profiling issues require to be corrected.	Raise virements request Virements to be raised.	Frances Troup	31/08/2022	Ongoing
R17E	Tourism - Caravan Sites More than anticipated income by £30.3K Payments have predominantly been made in advance therefore profiling requires to be amended.	Raise virements request Virement to adjust profiling.	Frances Troup	31/08/2022	Ongoing
R17F	Tourism - Hostels More than anticipated income by £18.0K Payments have been made in advance, profiling requires to be adjusted.	Raise virements request Virement to adjust profiling.	Frances Troup	31/08/2022	Ongoing
R17K	Swimming Pools More than anticipated expenditure by £27.5K Property costs and the cost of supplies have risen, and this has been exacerbated by lower income being received.	Monitor the situation Monitor the situation meantime.	Frances Troup	31/08/2022	Ongoing

Leisure & Cultural Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17N	Active Schools Less than anticipated expenditure by £31.9K Grant income requires reprofiling	Raise virements request Virement to reprofile	Frances Troup	31/08/2022	New
R17P	Community Facilities More than anticipated expenditure by £28.5K Reduced income plus income targets are unrealistic.	Monitor the situation Monitor the situation.	Frances Troup	31/08/2022	Ongoing
R17S	Heritage Development More than anticipated expenditure by £51.3K Grant paid out ahead of the profile.	Raise virements request Virement to adjust profile.	Frances Troup	31/08/2022	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 £44.9K</p> <p>Most grant funding from the homelessness strategy budget has not yet been paid out. Virement to reprofile</p>	<p>Raise virements request</p> <p>Virement to reprofile</p>	Frances Troup	31/08/2022	New
R30F	<p>Garages</p> <p>Less than anticipated income by £14.1K</p> <p>Accrued garage rents are now being actively pursued, after COVID-19 practice has been reversed.</p>	<p>Monitor the situation</p> <p>Garage arrears recovery will progress.</p>	Frances Troup	31/08/2022	Ongoing
R30K	<p>Landlord Registration</p> <p>Less than anticipated income by £27.9K</p> <p>Every third-year income is higher as private landlords require to renew their registration. Financial year 2022/23 is not an anniversary year and therefore income is lower. Reprofile is required accordingly.</p>	<p>Raise virements request</p> <p>Virement to reprofile.</p>	Frances Troup	31/08/2022	Ongoing

Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30L	<p>Care & Repair</p> <p>Less than anticipated expenditure by £259.3K</p> <p>A combination of an invoice not having been received and a budget which is demand led has resulted in this position.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Frances Troup	31/08/2022	New
R30P	<p>Poverty and Social Inclusion</p> <p>Less than anticipated expenditure by £55.8K</p> <p>Grant funding yet to be expended.</p>	<p>Monitor the situation</p> <p>Virement to reprofile</p>	Frances Troup	31/08/2022	Ongoing

Housing Revenue Account

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R61A	Administration - HRA Less than anticipated expenditure by £38.6K Staff vacancies have led to an underspend position. Recruitment is ongoing.	Monitor the situation Recruitment to continue.	Frances Troup	31/08/2022	Ongoing

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