

Item: 5

College Management Council Sub-committee: 25 October 2021.

Revenue Expenditure Monitoring.

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

1. Purpose of Report

To advise of the revenue position as at 30 September 2021 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 September 2021, attached as Annex 1 to this report, indicating a net surplus of £769,900.

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 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 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 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 details by service area statement for the period 1 April to 30 September 2021 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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Joanne Wallace, Acting Principal, Email joanne.wallace@uhi.ac.uk.

9. Annexes

Annex 1: Financial details by service area.

Annex 2: Budget Action Plan.

The following tables show the spending position by service function

Orkney College	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Business Support		94.1	93.2	0.9	100.9	334.5
Further and Higher Education	1B	(552.4)	89.3	(641.7)	N/A	(612.1)
Agronomy Institute		39.2	36.5	2.7	107.5	0.8
Archaeology Institute	1B	196.0	288.1	(92.1)	68.0	245.9
Institute for Northern Studies	1B	12.7	52.4	(39.7)	24.1	30.9
Service Total		(210.4)	559.5	(769.9)	N/A	0.0

Orkney College

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R67B	<p>Further and Higher Education</p> <p>Less than anticipated expenditure by £641.7K</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	30/09/2021	Ongoing
R67F	<p>Archaeology Institute</p> <p>Less than anticipated expenditure by £92.1K</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	30/09/2021	Ongoing
R67G	<p>Institute for Northern Studies</p> <p>Less than anticipated expenditure by £39.7K</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	30/09/2021	Ongoing