

Item: 3

College Management Council Sub-committee: 3 September 2018.

Revenue Expenditure Outturn Report.

Report by Executive Director of Education, Leisure and Housing.

1. Purpose of Report

To advise of the revenue outturn position for financial year 2017 to 2018 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 outturn statement in respect of Orkney College for financial year 2017 to 2018, attached as Annex 1 to this report, indicating a net surplus of £40,500.

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. Introduction

At its meeting held on 20 June 2017, the Policy and Resources Committee noted the detailed revenue budgets for financial year 2017 to 2018, which included Orkney College.

4. Background

4.1.

Individual revenue monitoring reports are circulated to Councillors every month as briefing reports in order to inform of the up to date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees.

4.2.

In terms of revenue expenditure and income, 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.

4.3.

Material variances are identified automatically as Priority Actions within individual budget cost centres according to the following criteria:

- £10,000 and 10% more or less than Anticipated position (1b).
- £50,000 and 10% more or less than Anticipated position (1c).

4.4.

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.

4.5.

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.

4.6.

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.

5. Financial Summary

5.1.

The revenue expenditure outturn statement is attached as Annex 1 to this report.

5.2.

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.

6. 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.

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.

7.3.

The outturn statements include a number of accounting entries required to comply with proper accounting practice, including International Financial Reporting Standards. This includes accounting for the use of fixed assets, for example depreciation and revaluations, current service cost of pensions and accumulated staff absences.

8. Legal Aspects

Financial monitoring and reporting helps the Council meet its statutory obligation to secure best value.

9. Contact Officers

Wilfred Weir, Executive Director of Education, Leisure and Housing, extension 2436, Email wilf.weir@orkney.gov.uk.

Peter Diamond, Head of Education (Lifelong Learning and Inclusion), extension 2415, Email peter.diamond@orkney.gov.uk.

James Wylie, Head of Education (Curriculum and Community Learning), extension 2401, Email james.wylie@orkney.gov.uk.

William Ross, Principal, telephone 569250, Email bill.ross@uhi.ac.uk.

10. Annexes

Annex 1: Revenue Expenditure Outturn Statement.

Annex 2: Budget Action Plan.