

## **Item: 4**

### **College Management Council Sub-committee: 31 August 2020.**

#### **Revenue Expenditure Outturn.**

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

### **1. Purpose of Report**

To advise of the revenue outturn position for financial year 2019 to 2020 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 2019 to 2020, attached as Annex 1 to this report, indicating a net surplus of £58,200, and a total reserve of £62,900.

#### **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. Background**

#### **3.1.**

On 5 March 2019, the Council set its overall revenue budget for financial year 2019 to 2020. On 23 April 2019, the Policy and Resources Committee received the detailed revenue budgets which form the basis of the individual revenue expenditure monitoring reports.

#### **3.2.**

Individual revenue expenditure monitoring reports are circulated as briefing reports every month to inform Elected Members of the up to date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees, replacing the need for a monthly budget briefing this reporting period.

#### **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:

- £10,000 and 10% more or less than Anticipated position (1b).
- £50,000 more or less than Anticipated position (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 Executive Directors and their staff.

## **4. Financial Summary**

### **4.1.**

The revenue expenditure outturn statement for the period 1 April 2019 to 31 March 2020 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.

## **6.3.**

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.

## **7. Legal Aspects**

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

## **8. Contact Officers**

James Wylie, Executive Director of Education, Leisure and Housing, extension 2401, Email [james.wylie@orkney.gov.uk](mailto:james.wylie@orkney.gov.uk).

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## **9. Annexes**

Annex 1: Revenue Expenditure Outturn Statement.

Annex 2. Budget Action Plan.

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2019 to 2020

		<b>Spend</b>	<b>Budget</b>	<b>Over/Under</b>		<b>Annual</b>
	<b>PA</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>Budget</b>
<b>Orkney College</b>						<b>£000</b>
Business Support	<b>1b</b>	293.1	335.3	-42.2	87.4	335.3
Further and Higher Education	<b>1c</b>	-5.8	50.0	-55.8	n/a	50.0
Agronomy Institute		-13.8	-15.0	1.2	92.0	-15.0
Archaeology Institute	<b>1b</b>	20.0	0.0	20.0	n/a	0.0
Institute for Northern Studies	<b>1b</b>	33.6	15.0	18.6	224.0	15.0
Accounting for Pensions		12.2	12.2	0.0	100.0	12.2
Non Distributed Costs		0.3	0.3	0.0	100.0	0.3
Movement in Reserves		-397.8	-397.8	0.0	100.0	-397.8
<b>Service Totals</b>		<b>-58.2</b>	<b>0.0</b>	<b>-58.2</b>	<b>n/a</b>	<b>0.0</b>

### **Movement in Reserves Statement**

IFRS Accounting Entries	-397.8
	<u>-397.8</u>

### **Orkney College Statement of Reserves**

Opening Balance 1 April 2019	-4.7
Financial Year 2019/20 Surplus	-58.2
Closing Balance as at 31 March 2020	<u><u>-62.9</u></u>

**Annex 2:****Budget Action Plan**

<b>Orkney College</b>			
<b>Function</b>	<b>Function Description / Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>
<b>R67A</b>	<p><b>Business Support</b></p> <p>Less than anticipated expenditure by £42.2K.</p> <p>The lower expenditure is an accumulation of small savings across non-staff budgets. The higher income is a combination of reimbursed costs, sales and fee related income each being a small amount more than budgeted.</p>	No action required	James Wylie
<b>R67B</b>	<p><b>Further and Higher Education</b></p> <p>More than anticipated income by £55.8K.</p> <p>This is an accumulation of a variety of additional income generation in training and our increased activity in attracting/retaining students in year.</p>	No Action Required	James Wylie
<b>R67F</b>	<p><b>Archaeology Institute</b></p> <p>More than anticipated expenditure by £20.0K.</p> <p>Teaching and some additional small costs were incurred that varied from the planned budget; some and potentially all of this related to income from allocations that had not been completed within the financial year, including allocation of RAM/Micro RAM funding for Higher Education.</p>	This will be monitored in regular meetings with the budget holders.	James Wylie

**Annex 2:**

**Budget Action Plan**

	None of this is associated to ORCA, who delivered a surplus.		
<b>R67G</b>	<p><b>Institute for Northern Studies</b></p> <p>Less than anticipated income by £18.6K.</p> <p>This is related to income from allocations that had not been completed within the financial year, including allocation of RAM/Micro RAM funding for Higher Education.</p> <p>There were also changes in allocation in staff and therefore income that created changes in business planning and delivery.</p>	This will be monitored in regular meetings with the budget holder	James Wylie