

Item: 3

College Management Council Sub-committee: 21 January 2019.

Revenue Expenditure Monitoring.

Report by Executive Director of Education, Leisure and Housing.

1. Purpose of Report

To advise of the revenue position as at 31 December 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 financial detail in respect of Orkney College for the period 1 April to 31 December 2018, attached as Annex 1 to this report, indicating a net overspend of £125,100.

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 22 February 2018, the Council set its overall revenue budget for financial year 2018 to 2019. On 17 April 2018, 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 in order to inform Elected Members of the up to date financial position. Quarterly revenue expenditure monitoring reports are now being 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 as the Service Function level according to the same criteria and these are shown in the Revenue 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. 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.

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 31 December 2018 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

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

8. Contact Officers

Wilfred Weir, Executive Director of Education, Leisure and Housing, extension 2433, Email wilf.weir@orkney.gov.uk.

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

Edward Abbott-Halpin, Principal, telephone 569250, Email edward.abbott-halpin@uhi.ac.uk

9. Annexes

Annex 1: Financial details by service area.

Annex 2: Budget Action Plan.

Annex 1: Financial Detail by Service Area

The following table shows the spending position by service function

		Spend	Budget	Over/Under		Annual
		£000	£000	Spend		Budget
Orkney College	PA			£000	%	£000
Business Support	1B	43.6	97.8	-54.2	44.6	0.0
Further and Higher Education	1B	-256.4	-225.7	-30.7	113.6	30.0
Agronomy Institute		28.2	35.4	-7.2	79.6	0.0
Archaeology Institute	1B	311.2	80.3	230.9	387.4	30.0
Institute for Northern Studies	1B	-18.7	-5.0	-13.7	374.1	-60.0
Service Totals		107.9	-17.2	125.1	N/A	0.0

Annex 2: Budget Action Plan

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 £54.2K</p> <p>The majority of this underspend is within staffing and is due to a combination of the budgeted 3% pay increase from 1 April 2018 not yet being applied to salaries and staff vacancy.</p>	<p>No action required</p> <p>No action required as pay increase related underspends will disappear once pay increase applied.</p>	James Wylie	31/03/2019	Ongoing
R67B	<p>Further and Higher Education</p> <p>Less than anticipated expenditure by £30.7K</p> <p>Around half of this underspend is within staffing and is due to the budgeted 3% pay increase from 1 April 2018 not yet being applied to salaries. The remainder is due to non-staff expenditure being behind profile.</p>	<p>No action required</p> <p>No action required as pay increase related underspends will disappear once pay increase applied.</p> <p>Continue to monitor non-staff expenditure.</p>	James Wylie	31/03/2019	Ongoing
R67F	<p>Archaeology Institute</p> <p>Less than anticipated income by £230.9K.</p> <p>Budget is profiled assuming equal monthly activity. Current activity at variance with profile.</p>	<p>Monitor the situation</p> <p>Continue to monitor closely.</p>	James Wylie	28/02/2019	Ongoing
R67G	<p>Institute for Northern Studies</p> <p>More than anticipated income by £13.7K</p> <p>European Structural Investment grant received ahead of profile.</p>	<p>Raise virements request</p> <p>Section manager and Business Manager to raise virements.</p>	James Wylie	28/02/2019	Ongoing