

Item: 5

Education, Leisure and Housing Committee: 12 September 2018.

Revenue Expenditure Monitoring.

Joint report by Executive Director of Education, Leisure and Housing, Executive Director of Corporate Services and Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 30 June 2018 across each of the 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 2018, attached as Annex 1 to this report, indicating the following:

- A net General Fund overspend of £12,500.
- A net Non-General Fund overspend of £116,600.

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 2018, attached as Annex 2 to this report.

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.

3. Introduction

At the Special General Meeting held on 22 February 2018, as part of the budget setting process for 2018 to 2019, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2018 to 2019.

4. Background

4.1.

Individual revenue expenditure monitoring reports are circulated as briefing reports every month in order to inform committee members of the up to date financial position. Quarterly revenue expenditure monitoring reports are now being presented to individual service committees. This quarterly report replaces the need for a monthly budget briefing this reporting period.

4.2.

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.

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 more or less than Anticipated position (1c).

4.4.

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.

4.5.

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.

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 financial summary for the period 1 April to 30 June 2018 is attached as Annex 1 to this report.

5.2.

The financial details by Service Area statement is attached as Annex 2 to this report.

5.3.

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.

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 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.

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.

Gillian Morrison, Executive Director of Corporate Services, extension 2103, Email gillian.morrison@orkney.gov.uk.

Gareth Waterson, Head of Finance, extension 2103, Email gareth.waterson@orkney.gov.uk.

10. Annexes

Annex 1: Financial summary.

Annex 2: Financial details by service area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary

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	7,953.3	8,008.3	-55.0	99.3	30,708.4
Leisure & Cultural Services	1,291.9	1,310.4	-18.5	98.6	4,122.2
Other Housing	640.4	554.4	86.0	115.5	1,470.5
Service Totals	9,885.6	9,873.1	12.5	100.1	36,301.1

Non-General Fund Service

Housing Revenue Account	566.4	554.3	12.1	102.2	0.0
Orkney College	231.2	126.7	104.5	182.5	0.0
Service Totals	797.6	681.0	116.6	117.1	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	5	3	14	21%
Leisure & Cultural Services	1	3	15	20%
Other Housing	2	2	13	15%
Housing Revenue Account	0	0	6	0%
Orkney College	3	1	5	20%
Totals	11	9	53	17%

Annex 2: Financial Detail by Service Area

The following tables show the spending position by service function

		Spend £000	Budget £000	Over/Under £000	Spend %	Annual Budget £000
Education	PA					
Senior Secondary Schools	1C	2,916.5	2,984.4	-67.9	97.7	9,807.1
Junior Secondary Schools		876.9	879.1	-2.2	99.8	2,716.4
Primary Schools		2,965.1	3,006.0	-40.9	98.6	9,794.3
Early Learning and Childcare		384.0	406.7	-22.7	94.4	2,013.4
Additional Support Needs	1B	282.0	227.7	54.3	123.9	956.2
Papdale Halls of Residence		147.8	160.6	-12.8	92.0	731.4
Quality Development		-27.9	-19.9	-8.0	140.4	-67.1
Administration - ED		-168.1	-178.8	10.7	94.0	1,017.1
Assistance for Students		51.4	54.3	-2.9	94.6	202.5
Community Learning / Development		70.6	65.8	4.8	107.2	316.5
School Meals	1B	225.8	199.7	26.1	113.1	964.2
School Transport		220.7	211.9	8.8	104.2	2,198.4
School Crossing Patrol		8.5	10.7	-2.2	78.8	49.5
Parent Councils		0.0	0.1	-0.1	0.0	8.5
Service Total		7,953.3	8,008.3	-55.0	99.3	30,708.4

Changes in original budget position:

Original Net Budget	30,654.1
Transfer from Education to Leisure for Developing Young Workforce Officer	-10.7
Reinstate £65k Support for Learning Assistants 2018/19 savings from Contingency	65.0
	30,708.4

		Spend £000	Budget £000	Over/Under £000	Spend %	Annual Budget £000
Leisure & Cultural Services	PA					
Administration - RC		46.5	46.8	-0.3	99.2	373.8
Parks and Play Areas		239.0	241.7	-2.7	98.9	263.9
Healthy Living Centres		9.4	11.9	-2.5	79.0	72.4
Tourism - Caravan Sites		-17.8	-10.9	-6.9	163.7	-13.1
Tourism - Hostels		-5.5	0.5	-6.0	N/A	1.0
Sports Development		-1.1	2.6	-3.7	N/A	79.8
Sports Facilities		249.6	247.8	1.8	100.7	1,030.4
Swimming Pools	1B	119.9	104.9	15.0	114.3	216.9
Theatres		4.9	5.9	-1.0	82.3	6.5
Active Schools		38.2	37.8	0.4	100.9	76.2
Community Facilities		181.0	179.8	1.2	100.7	323.8
Heritage Development		19.8	26.5	-6.7	74.8	303.7
Museums	1B	105.3	83.9	21.4	125.5	280.9
St Magnus Cathedral	1B	41.6	55.4	-13.8	75.1	186.1
Libraries		261.1	275.8	-14.7	94.7	919.9
Service Total		1,291.9	1,310.4	-18.5	98.6	4,122.2

Changes in original budget position:

Original Net Budget	4,111.5
Transfer from Education to Leisure for Developing Young Workforce Officer	10.7
	4,122.2

		Spend £000	Budget £000	Over/Under £000	Spend %	Annual Budget £000
Other Housing	PA					
Housing Support		12.4	13.4	-1.0	92.5	61.6
Homelessness		338.0	358.2	-20.2	94.4	785.6
Housing Loans		1.6	10.0	-8.4	16.4	9.2
Energy Initiatives	1B	239.7	149.5	90.2	160.3	35.5
Garages		-5.4	-1.9	-3.5	281.7	-94.2
Miscellaneous - OH		-17.1	-12.0	-5.1	143.4	126.7
Housing Benefits	1B	26.1	-17.4	43.5	N/A	149.4
Mobile Home Sites		2.2	1.9	0.3	115.8	0.4
Landlord Registration		-59.8	-56.9	-2.9	105.1	-19.8
Care & Repair		69.0	68.5	0.5	100.7	306.4
Sheltered Housing		21.7	31.2	-9.5	69.4	131.3
Student Accommodation		-3.8	-5.9	2.1	64.5	-21.6
Poverty and Social Inclusion		15.8	15.8	0.0	100.2	0.0
Service Total		640.4	554.4	86.0	115.5	1,470.5

Housing Revenue Account	PA	Spend £000	Budget £000	Over/Under £000	Spend %	Annual Budget £000
Administration - HRA		96.3	100.0	-3.7	96.4	721.2
Property Costs - HRA		1,287.1	1,290.5	-3.4	99.7	1,507.6
Rent Income		-811.3	-840.8	29.5	96.5	-3,695.4
Tenant Participation		0.4	4.6	-4.2	8.0	22.9
Other Income - HRA		-6.1	0.0	-6.1	0.0	-23.0
Finance Charges - HRA		0.0	0.0	0.0	0.0	1,466.7
Service Total		566.4	554.3	12.1	102.2	0.0

Orkney College	PA	Spend £000	Budget £000	Over/Under £000	Spend %	Annual Budget £000
Business Support		143.5	133.1	10.4	107.9	0.0
Further and Higher Education		5.3	2.9	2.4	184.0	0.0
Agronomy Institute		53.0	53.3	-0.3	99.3	0.0
Archaeology Institute	1B	48.4	-48.1	96.5	N/A	0.0
Centre for Nordic Studies		-19.0	-14.5	-4.5	130.9	0.0
Service Total		231.2	126.7	104.5	182.5	0.0

Annex 3: Budget Action Plan

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R11AC	<p>Senior Secondary Schools</p> <p>Less than anticipated expenditure by £67.9K</p> <p>Staffing - £50K of the underspend of £68K is due to a 3% pay increase being included in the staffing budgets but which has not yet been applied. The remaining £18K of the underspend is due to SIP Building costs for KGS being lower than anticipated due to delayed payments to contractors.</p>	<p>No action required</p> <p>No immediate action required as most underspends will disappear once pay increase applied and contractors SIP payments up to date.</p>	James Wylie	30/09/2018	Ongoing
R14FI	<p>Additional Support Needs</p> <p>More than anticipated expenditure by £54.3K</p> <p>Monthly cost of out of Orkney placement packages of care exceeds budget allocated.</p>	<p>Monitor the situation</p> <p>Continue to monitor the situation and advise Head of Finance that there may be a call on the Out of Orkney Placements Fund at the year-end.</p>	Peter Diamond	31/03/2019	New

Annex 3: Budget Action Plan

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R15DE	School Meals Less than anticipated income by £26.1K Income for the school meals budget is assumed to be even across the school year but in practice the budget gets the majority of income at the secondary schools between August and December than from April to June. This is due to study leave and having one less year group over this period.	Monitor the situation The budget will be continued to be monitored very closely.	Hayley Green	28/09/2018	Ongoing

Annex 3: Budget Action Plan

Leisure & Cultural Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17K	<p>Swimming Pools</p> <p>Less than anticipated income by £15.0K</p> <p>Overspend is partly due to profiling inaccuracies within Rents and Lettings and Fees and Charges and partly due to income not being high enough to meet targets set for the year to date.</p>	<p>Raise virements request</p> <p>Complete virements by 31 July, and then continue to monitor income levels.</p>	Peter Diamond	31/07/2018	Ongoing
R17T	<p>Museums</p> <p>More than anticipated expenditure by £21.4K</p> <p>Overspend is due to income at Lyness museum being lower than anticipated due to disruption caused by major refurbishments presently ongoing, plus savings of £30k applied has not been realised.</p>	<p>Monitor the situation</p> <p>Monitor the ongoing impact of the refurbishment at Lyness on budgeted income and the continued effect of not being able to realise the savings, with a view to mitigating the effect across the Museums budget for the rest of the year.</p>	Peter Diamond	31/08/2018	New
R17U	<p>St Magnus Cathedral</p> <p>Less than anticipated expenditure by £13.8K</p> <p>This underspend is due to expenditure in general at the cathedral being lower and income higher than anticipated to date.</p>	<p>No action required</p> <p>No action required at this time.</p>	Peter Diamond	31/07/2018	New

Annex 3: Budget Action Plan

Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30E	<p>Energy Initiatives</p> <p>Less than anticipated income by £90.2K</p> <p>Drawdown of funding is slightly behind where it was anticipated to be primarily due to a requirement for Energy Performance Certificates to be produced ahead of drawdown.</p>	<p>No action required</p> <p>Drawdown will be progressed once energy performance certificates have been produced.</p>	Frances Troup	03/08/2018	Ongoing
R30H	<p>Housing Benefits</p> <p>More than anticipated expenditure by £43.5K</p> <p>Actual mandatory benefit expenditure currently above initial budget estimates. A revised benefit expenditure estimate will be submitted to the DWP at the end of August 2018 to adjust DWP subsidy payments received and to match variances in expenditure.</p>	<p>Monitor the situation</p> <p>No action required at this stage - mid-year estimate of revised expenditure to DWP will be submitted towards end of August 2018.</p>	Gareth Waterson	31/08/2018	New

Annex 3: Budget Action Plan

Orkney College

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R67F	Archaeology Institute Less than anticipated income by £96.5K Budget is profiled assuming equal monthly activity. Current activity at variance with profile.	Monitor the situation Continue to monitor variance.	Peter Diamond	31/08/2018	Ongoing