

## **Item: 4**

**Education, Leisure and Housing Committee: 16 February 2022.**

**Revenue Expenditure Monitoring.**

**Joint Report by Executive Director of Education, Leisure and Housing, Interim Executive Director of Environmental, Property and IT Services and Head of Finance.**

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

To advise of the revenue position as at 31 December 2021 across all General and Non-General Fund 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 31 December 2021, attached as Annex 1 to this report, indicating the following:

- A net General Fund underspend of £159,100.
- A net Non-General Fund underspend of £963,100.

#### **2.2.**

The revenue financial detail by service area statement, in respect of Education, Leisure and Housing for the period 1 April to 31 December 2021, attached as Annex 2 to this report.

The Committee is invited to scrutinise:

#### **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, 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 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 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.

### **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 financial summary for the period 1 April to 31 December 2021 is attached as Annex 1 to this report.

### **4.2.**

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

### **4.3.**

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.

## **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 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**

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

Hayley Green, Interim Executive Director of Environmental, Property and IT Services, Email [hayley.green@orkney.gov.uk](mailto:hayley.green@orkney.gov.uk).

Colin Kemp, Interim Head of Finance, Email [colin.kemp@orkney.gov.uk](mailto:colin.kemp@orkney.gov.uk).

## **9. Annexes**

Annex 1: Financial summary.

Annex 2: Financial details by service area.

Annex 3: Budget Action Plan.

**Annex 1: Financial Summary**

December 2021

The table below provides a summary of the position across all Service Areas.

<b>Service Area</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Education	24,169.2	24,576.0	(406.8)	98.3	38,001.7
Leisure & Cultural Services	3,166.0	2,889.4	276.6	109.6	4,390.6
Other Housing	1,242.8	1,271.7	(28.9)	97.7	1,850.8
<b>Service Totals</b>	<b>28,578.0</b>	<b>28,737.1</b>	<b>(159.1)</b>	<b>99.4</b>	<b>44,243.1</b>
Housing Revenue Account	(746.3)	(580.0)	(166.3)	128.7	0.0
Orkney College	(157.8)	639.0	(796.8)	N/A	0.0
<b>Service Totals</b>	<b>(904.1)</b>	<b>59.0</b>	<b>(963.1)</b>	<b>N/A</b>	<b>0.0</b>

Compared to last month, the total number of PAs has changed as follows:

<b>Service Area</b>	<b>No. of PAs</b>		<b>Service Functions</b>	<b>PAs/ Function</b>
	<b>P08</b>	<b>P09</b>		
Education	6	4	14	29%
Leisure & Cultural Services	7	7	14	50%
Other Housing	3	6	11	55%
Housing Revenue Account	4	3	6	50%
Orkney College	5	5	5	100%
<b>Totals</b>	<b>25</b>	<b>25</b>	<b>50</b>	<b>50%</b>

## Annex 2: Financial Detail by Service Area

December 2021

The following tables show the spending position by service function

Education	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Senior Secondary Schools	1C	8,010.8	7,951.5	59.3	100.7	10,916.2
Junior Secondary Schools		2,300.3	2,312.6	(12.3)	99.5	3,047.9
Primary Schools	1C	8,484.1	8,539.5	(55.4)	99.4	11,540.9
Early Learning & Childcare	1C	2,488.6	2,636.9	(148.3)	94.4	4,256.5
Additional Support Needs		758.5	734.2	24.3	103.3	1,192.9
Papdale Halls of Residence		615.5	611.0	4.5	100.7	853.9
Quality Development		347.8	345.2	2.6	100.7	805.4
Administration		(2,022.7)	(2,056.8)	34.1	98.3	(562.7)
Assistance for Students		143.5	152.3	(8.8)	94.3	238.9
Community Learning & Development		209.7	201.1	8.6	104.3	337.1
School Meals		961.7	961.2	0.5	100.1	1,383.1
School Transport	1B	1,831.4	2,141.5	(310.1)	85.5	3,930.8
School Crossing Patrol		31.8	37.3	(5.5)	85.2	52.1
Parent Councils		8.2	8.5	(0.3)	96.4	8.7
<b>Service Total</b>		<b>24,169.2</b>	<b>24,576.0</b>	<b>(406.8)</b>	<b>98.3</b>	<b>38,001.7</b>

### Changes in original budget position:

Original Net Budget	35,950.9
Willow Tree Nursery from Repairs and Renewals Fund	60.0
Redetermination Flexibility - Support Staff and Teachers	218.0
Redetermination Flexibility - Digital Inclusion	58.0
Redetermination Flexibility - Home Learning	34.0
Redetermination Flexibility - Additional Teachers	100.2
Contingency Contribution to Willow Tree Nursery	170.0
Flexibility Fund Contribution - Educational Psychologist	2.0
Flexibility Fund Contribution - Community Consultation Project	5.0
Redetermination First 100 Days	241.0
Willow Tree Nursery from Repairs and Renewals Fund	80.0
Redetermination COVID-19 additional Staff Funding	246.0
Redetermination Family Pandemic Support Payments	47.8
Contribution to Education from Redetermination Flexibility Fund	358.9
Redetermination - School Meals	155.0
Contingency Contribution - Flotta School	110.0
Summer of Play Funding	2.9
Scottish Government Grant - School Clothing	40.0
Redetermination - Teacher Induction	78.0
Redetermination - Music Tuition	13.0
Redetermination - Remove Core Curriculum Charges	16.0
Redetermination - CO2 Monitors	15.0
	<b>38,001.7</b>

<b>Leisure &amp; Cultural Services</b>	<b>PA</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Administration - RC	<b>1B</b>	103.4	91.1	12.3	113.6	433.6
Parks and Play Areas		347.2	339.4	7.8	102.3	345.9
Healthy Living Centres		37.5	41.6	(4.1)	90.1	70.1
Tourism - Caravan Sites		(26.5)	(17.4)	(9.1)	152.3	(12.5)
Tourism - Hostels		(7.6)	(4.1)	(3.5)	184.6	(2.5)
Sports Development	<b>1B</b>	(18.0)	4.5	(22.5)	N/A	84.3
Sports Facilities	<b>1B</b>	900.8	721.0	179.8	124.9	1,039.6
Swimming Pools	<b>1B</b>	227.4	183.9	43.5	123.7	214.6
Active Schools	<b>1B</b>	39.9	55.5	(15.6)	71.8	137.6
Community Facilities	<b>1B</b>	295.6	252.4	43.2	117.1	320.8
Heritage Development		203.0	217.4	(14.4)	93.4	313.9
Museums	<b>1B</b>	259.5	211.8	47.7	122.5	292.6
St Magnus Cathedral		173.8	165.4	8.4	105.0	182.8
Libraries		630.0	626.9	3.1	100.5	969.8
<b>Service Total</b>		<b>3,166.0</b>	<b>2,889.4</b>	<b>276.6</b>	<b>109.6</b>	<b>4,390.6</b>

**Changes in original budget position:**

Original Net Budget	4,278.5
PESF Boost from Redetermination Flexibility Fund	47.0
Redetermination - Summer of Play	68.0
Summer of Play Funding	(2.9)
	<b>4,390.6</b>

<b>Other Housing</b>	<b>PA</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Housing Support		51.9	46.9	5.0	110.7	65.3
Homelessness	<b>1B</b>	582.3	655.3	(73.0)	88.9	839.2
Housing Loans		(29.0)	(28.7)	(0.3)	101.0	10.9
Energy Initiatives		114.7	122.4	(7.7)	93.8	38.3
Garages	<b>1B</b>	(43.0)	(59.4)	16.4	72.4	(97.1)
Miscellaneous - OH	<b>1B</b>	37.7	67.7	(30.0)	55.6	228.9
Housing Benefits	<b>1B</b>	271.0	209.9	61.1	129.1	355.1
Landlord Registration	<b>1B</b>	(42.6)	(32.2)	(10.4)	132.5	(21.4)
Care & Repair		199.2	205.1	(5.9)	97.1	312.6
Sheltered Housing		102.8	101.8	1.0	101.0	141.1
Student Accommodation	<b>1B</b>	(2.2)	(17.1)	14.9	13.1	(22.1)
<b>Service Total</b>		<b>1,242.8</b>	<b>1,271.7</b>	<b>(28.9)</b>	<b>97.7</b>	<b>1,850.8</b>

**Changes in original budget position:**

Original Net Budget	1,660.7
Redetermination - Low Income Pandemic Payment	190.1
	<b>1,850.8</b>

<b>Housing Revenue Account</b>	<b>PA</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Administration - HRA		350.8	373.0	(22.2)	94.0	755.6
Property Costs - HRA		1,534.7	1,530.0	4.7	100.3	1,600.5
Rent Income	<b>1C</b>	(2,640.5)	(2,489.1)	(151.4)	106.1	(3,933.6)
Tenant Participation	<b>1B</b>	3.2	17.6	(14.4)	18.2	25.2
Other Income - HRA	<b>1B</b>	5.5	(11.5)	17.0	N/A	(23.0)
Finance Charges - HRA		0.0	0.0	0.0	0.0	1,575.3
<b>Service Total</b>		<b>(746.3)</b>	<b>(580.0)</b>	<b>(166.3)</b>	<b>128.7</b>	<b>0.0</b>

<b>Orkney College</b>	<b>PA</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Business Support	<b>1B</b>	225.7	147.4	78.3	153.1	334.5
Further and Higher Education	<b>1B</b>	(607.8)	(68.7)	(539.1)	884.1	(612.1)
Agronomy Institute	<b>1B</b>	(3.2)	37.7	(40.9)	N/A	0.8
Archaeology Institute	<b>1B</b>	251.4	456.9	(205.5)	55.0	245.9
Institute for Northern Studies	<b>1B</b>	(23.9)	65.7	(89.6)	N/A	30.9
<b>Service Total</b>		<b>(157.8)</b>	<b>639.0</b>	<b>(796.8)</b>	<b>N/A</b>	<b>0.0</b>



## Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R11AC	<p><b>Senior Secondary Schools</b></p> <p>More than anticipated expenditure by £59.3K</p> <p>Overspend mainly due to higher property costs and an invoice that was paid ahead of schedule. There has also been less income for community use of schools due to COVID-19. Budget for Lifecycle works programme is balanced at financial year end.</p>	<p><b>Raise virements request</b></p> <p>Process virement to correct profile for invoice payment. Monitor property costs.</p>	Peter Diamond	31/01/2022	Ongoing
R13AW	<p><b>Primary Schools</b></p> <p>Less than anticipated expenditure by £55.4K</p> <p>Some schools reporting higher energy, IT and staff costs due to sickness. However, an overall underspend due to vacant posts and Pupil Equity Fund still to be spent.</p>	<p><b>Monitor the situation</b></p> <p>Work with the relevant managers with respect to Pupil Equity Fund and recruitment.</p>	Peter Diamond	31/01/2022	Ongoing
R14A	<p><b>Early Learning &amp; Childcare</b></p> <p>Less than anticipated expenditure by £148.3K</p> <p>Underspend due to seasonal variation and unfilled vacant posts.</p>	<p><b>Monitor the situation</b></p> <p>Monitor with the relevant managers.</p>	Peter Diamond	31/01/2022	Ongoing

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## Education

<b>Function</b>	<b>Function Description/ Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>	<b>Deadline</b>	<b>Status</b>
<b>R15F</b>	<b>School Transport</b> Less than anticipated expenditure by £310.1K Underspend due to late receipt of invoices for payment.	<b>Monitor the situation</b> Most invoices now received and paid	Peter Diamond	31/01/2022	Ongoing

## Leisure &amp; Cultural Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17A	<p><b>Administration - RC</b></p> <p>More than anticipated expenditure by £12.3K</p> <p>Staffing budget needs to be realigned with new staff structure.</p>	<p><b>Raise virements request</b></p> <p>Review staff costs and vire budget where required.</p>	Frances Troup	31/01/2022	Ongoing
R17G	<p><b>Sports Development</b></p> <p>More than anticipated income by £22.5K</p> <p>Additional income due to school outdoor education programme.</p>	<p><b>Monitor the situation</b></p> <p>Monitor the budget.</p>	Frances Troup	31/01/2022	Ongoing
R17J	<p><b>Sports Facilities</b></p> <p>More than anticipated expenditure by £179.8K</p> <p>This relates to the Pickaquoy Centre management fee being paid early and COVID-19 adjustments to staffing at KGS sports centre in order to endeavour to align staffing costs with reduction in bookings.</p>	<p><b>No action required</b></p> <p>This has now returned to a more normal operating structure.</p>	Frances Troup	31/01/2022	Ongoing

## Leisure &amp; Cultural Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17K	<p><b>Swimming Pools</b></p> <p>Less than anticipated income by £43.5K</p> <p>COVID-19 restrictions have led to reduced income and this, coupled with an issue with an invoice credit, has resulted in this position.</p>	<p><b>Monitor the situation</b></p> <p>Invoices are in the process of being raised.</p>	Frances Troup	31/03/2022	Ongoing
R17N	<p><b>Active Schools</b></p> <p>Less than anticipated expenditure by £15.6K</p> <p>Budget profile is ahead of actual expenditure.</p>	<p><b>Monitor the situation</b></p> <p>Adjust profiling if required.</p>	Frances Troup	31/03/2022	New
R17P	<p><b>Community Facilities</b></p> <p>Less than anticipated income by £43.2K</p> <p>Kirkwall Community Centre sales income has been reduced due to COVID-19 restrictions.</p>	<p><b>Monitor the situation</b></p> <p>Income budgets were increased for 2021/22 by 3% in accordance with agreed budget assumptions, adding to the overspend position.</p>	Frances Troup	31/03/2022	Ongoing

Reported  
Leisure & Cultural Services

<b>Function</b>	<b>Function Description/ Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>	<b>Deadline</b>	<b>Status</b>
<b>R17T</b>	<b>Museums</b> Less than anticipated income by £47.7K  Income has been lower than expected due to COVID-19 restrictions.	<b>Monitor the situation</b> Monitor the situation.	Frances Troup	31/01/2022	Ongoing

## Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30B	<p><b>Homelessness</b></p> <p>Less than anticipated expenditure by £73.0K</p> <p>A combination of staff vacancies, increased rental income and lower costs due to homeless units being occupied for longer periods of time, have led to this position.</p>	<p><b>Monitor the situation</b></p> <p>Staff vacancies now filled.</p>	Frances Troup	31/03/2022	New
R30F	<p><b>Garages</b></p> <p>Less than anticipated income by £16.4K</p> <p>Income remains lower than anticipated. Recovery was suspended for a period of time due to COVID-19 restrictions which resulted in carry forward of arrears from 2020/21. Recovery and issue of invoices has recommenced but currently income remains lower than anticipated.</p>	<p><b>Monitor the situation</b></p> <p>Monitor the situation.</p>	Frances Troup	31/03/2022	Ongoing
R30G	<p><b>Miscellaneous - OH</b></p> <p>Less than anticipated expenditure by £30.0K</p> <p>The underspend has arisen due to a combination of factors including a staff vacancy for a period of time and delays on progressing the Rapid Rehousing Transition Plan due to COVID-19.</p>	<p><b>Monitor the situation</b></p> <p>The vacancy has now been filled and the Rapid Rehousing Transition Plan is being progressed accordingly.</p>	Frances Troup	31/03/2022	Ongoing

## Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30H	<p><b>Housing Benefits</b></p> <p>More than anticipated expenditure by £61.1K</p> <p>This cost centre varies between underspend and overspend each month but will normally be within budget at year end. The reason for variances is due to the interaction between the monthly instalments of government grant funding which are used to make transfer payments on four weekly and fortnightly cycles so depending on how many sets of payments are issued in a given month the total spend will be more or less than the subsidy received during that month.</p> <p>The low-income pandemic payment is being administered using this cost centre and budget for that scheme will also show as under spent depending on payments being debited from cost centre.</p>	<p><b>No action required</b></p> <p>Continue to monitor.</p>	Colin Kemp	31/03/2022	New

## Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30K	<p><b>Landlord Registration</b></p> <p>More than anticipated income by £10.4K</p> <p>This is the anniversary year where a number of landlords pay their fees for the three-year term. Consequently, income is higher than anticipated.</p>	<p><b>Monitor the situation</b></p> <p>Monitor the situation.</p>	Frances Troup	31/03/2022	New
R30N	<p><b>Student Accommodation</b></p> <p>Less than anticipated income by £14.9K</p> <p>Income lower than anticipated due to properties being unoccupied for an extended period of time due to COVID-19 restrictions.</p>	<p><b>Monitor the situation</b></p> <p>Monitor the situation.</p>	Frances Troup	31/03/2022	Ongoing



## Housing Revenue Account

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R61E	<p><b>Rent Income</b></p> <p>More than anticipated income by £151.4K</p> <p>Rent income is ahead of the budget profile.</p>	<p><b>Monitor the situation</b></p> <p>Continue to monitor. The rent income collected at this stage of the year is actually less than the total due; albeit more than the budget at the end of December 2021.</p>	Colin Kemp	31/01/2022	Ongoing
R61F	<p><b>Tenant Participation</b></p> <p>Less than anticipated expenditure by £14.4K</p> <p>A vacancy exists and recruitment and retention has proven difficult.</p>	<p><b>Monitor the situation</b></p> <p>Options for the post are currently being considered.</p>	Frances Troup	31/03/2022	Ongoing
R61I	<p><b>Other Income - HRA</b></p> <p>Less than anticipated income by £17.0K</p> <p>Some income from feed in tariff has now been received, but less than anticipated.</p>	<p><b>Monitor the situation</b></p> <p>Monitor the situation.</p>	Frances Troup	31/03/2022	Ongoing

## Orkney College

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R67A	<p><b>Business Support</b></p> <p>Less than anticipated income by £78.3K</p> <p>Less income than anticipated contributing to this overspend.</p>	<p><b>Monitor the situation</b></p> <p>Review and monitor transfer of income.</p>	Peter Diamond	31/03/2022	Ongoing
R67B	<p><b>Further and Higher Education</b></p> <p>More than anticipated income by £539.1K</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><b>Monitor the situation</b></p> <p>Monitor the situation with a view to minimising future clawback. Review profiles within the current academic year.</p>	Peter Diamond	31/03/2022	Ongoing
R67C	<p><b>Agronomy Institute</b></p> <p>More than anticipated income by £40.9K</p> <p>Increased income from sales of Bere and seasonal variances in purchasing commodities.</p>	<p><b>Monitor the situation</b></p> <p>Continue to monitor closely.</p>	Peter Diamond	31/03/2022	Ongoing

## Orkney College

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
<b>R67F</b>	<p><b>Archaeology Institute</b></p> <p>Less than anticipated expenditure by £205.5K</p> <p>Less than anticipated expenditure and more than anticipated income.</p>	<p><b>Monitor the situation</b></p> <p>Continue to monitor closely.</p>	Peter Diamond	31/03/2022	Ongoing
<b>R67G</b>	<p><b>Institute for Northern Studies</b></p> <p>Less than anticipated expenditure by £89.6K</p> <p>Less than anticipated expenditure due to reduced staffing costs at present.</p>	<p><b>Monitor the situation</b></p> <p>Continue to monitor closely.</p>	Peter Diamond	31/03/2022	Ongoing