

Item: 4

Education, Leisure and Housing Committee: 5 February 2020.

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 31 December 2019 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 31 December 2019, attached as Annex 1 to this report, indicating the following:

- A net General Fund underspend of £893,800.
- A net Non-General Fund overspend of £142,300.

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 2019, 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. 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 in order 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. 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 financial summary for the period 1 April to 31 December 2019 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, extension 2401, Email james.wylie@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.

9. 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	Budget	Over/(Under)	Spend	Annual
General Fund Service	£000	£000	£000	%	Budget
					£000
Education	22,300.8	23,204.4	(903.6)	96.1	32,772.5
Leisure and Cultural Services	3,036.9	2,976.3	60.6	102.0	4,221.2
Other Housing	1,005.0	1,055.8	(50.8)	95.2	1,528.5
Service Totals	26,342.7	27,236.5	(893.8)	96.7	38,522.2

Non-General Fund Service

Housing Revenue Account	(945.5)	(894.6)	(50.9)	105.7	0.0
Orkney College	369.1	175.9	193.2	209.8	0.0
Service Totals	(576.4)	(718.7)	142.3	80.2	0.0

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

Service Area	No. of PAs		Service Functions	PAs/ Function
	P08	P09		
Education	4	7	14	50%
Leisure and Cultural Services	5	4	15	27%
Other Housing	5	5	12	42%
Housing Revenue Account	2	1	6	17%
Orkney College	4	4	5	80%
Totals	20	21	52	40%

Annex 2: Financial Detail by Service Area

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	7,636.9	7,714.7	(77.8)	99.0	10,410.9
Junior Secondary Schools		2,145.5	2,142.6	2.9	100.1	2,896.6
Primary Schools		8,025.2	8,029.0	(3.8)	100.0	10,687.6
Early Learning & Childcare	1B	1,582.4	2,100.7	(518.3)	75.3	2,922.8
Additional Support Needs	1B	837.5	687.6	149.9	121.8	972.9
Papdale Halls of Residence		534.3	540.4	(6.1)	98.9	755.3
Quality Development	1B	(0.7)	51.2	(51.9)	N/A	(61.0)
Administration	1B	(911.7)	(676.8)	(234.9)	134.7	150.6
Assistance for Students	1B	147.8	129.8	18.0	113.9	202.5
Community Learning & Development		247.1	233.8	13.3	105.7	324.1
School Meals		749.7	732.1	17.6	102.4	1,059.8
School Transport	1B	1,268.9	1,477.0	(208.1)	85.9	2,391.1
School Crossing Patrol		29.7	36.4	(6.7)	81.5	50.8
Parent Councils		8.2	5.9	2.3	138.6	8.5
Service Total		22,300.8	23,204.4	(903.6)	96.1	32,772.5

Changes in original budget position:

Original Net Budget	32,381.8
Redetermination - Teachers Pay Award	552.3
Teachers Pensions - reduction in budget	(176.0)
Additional Schools Investment Programme Contribution	5.4
Additional Schools Investment Programme Contribution	9.0
	32,772.5

Leisure & Cultural Services	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Administration - RC		127.2	136.1	(8.9)	93.4	390.4
Parks and Play Areas		322.6	315.3	7.3	102.3	317.2
Healthy Living Centres		38.9	43.5	(4.6)	89.4	72.6
Tourism - Caravan Sites	1B	(43.9)	(17.8)	(26.1)	247.2	(13.0)
Tourism - Hostels		(9.4)	(10.0)	0.6	94.1	(2.9)
Sports Development	1B	30.0	57.2	(27.2)	52.5	80.7
Sports Facilities		837.1	829.2	7.9	101.0	1,067.7
Swimming Pools		189.5	176.0	13.5	107.7	204.2
Theatres		4.5	4.5	0.0	100.3	4.0
Active Schools	1B	13.5	38.0	(24.5)	35.5	83.1
Community Facilities		260.5	247.2	13.3	105.4	315.0
Heritage Development		201.9	221.9	(20.0)	91.0	293.0
Museums	1B	310.3	209.0	101.3	148.5	287.2
St Magnus Cathedral		144.7	137.8	6.9	105.0	184.7
Libraries		609.5	588.4	21.1	103.6	937.3
Service Total		3,036.9	2,976.3	60.6	102.0	4,221.2

Changes in original budget position:

Original Net Budget	4,134.7
Additional Schools Investment Programme Contribution	69.6
WW1 Commemorations from Recreation and Cultural Projects Fund	16.9
	4,221.2

Other Housing	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Housing Support		40.9	44.5	(3.6)	92.0	62.1
Homelessness	1B	556.1	626.6	(70.5)	88.8	797.0
Housing Loans		(18.0)	(14.1)	(3.9)	127.3	10.1
Energy Initiatives	1B	201.2	268.4	(67.2)	74.9	50.0
Garages		(55.0)	(59.8)	4.8	92.0	(97.5)
Miscellaneous - OH	1B	(60.8)	(42.1)	(18.7)	144.5	152.9
Housing Benefits	1B	76.7	4.3	72.4	1,777.4	155.1
Landlord Registration		(48.7)	(53.3)	4.6	91.4	(20.3)
Care & Repair		180.9	201.1	(20.2)	90.0	306.4
Sheltered Housing		102.0	97.4	4.6	104.7	135.0
Student Accommodation		(9.1)	(17.2)	8.1	52.8	(22.3)
Poverty and Social Inclusion	1B	38.8	0.0	38.8	0.0	0.0
Service Total		1,005.0	1,055.8	(50.8)	95.2	1,528.5

Housing Revenue Account	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Administration - HRA		335.2	356.6	(21.4)	94.0	737.7
Property Costs - HRA		1,383.3	1,385.6	(2.3)	99.8	1,462.3
Rent Income		(2,678.4)	(2,640.9)	(37.5)	101.4	(3,784.1)
Tenant Participation		11.9	15.6	(3.7)	76.3	22.4
Other Income - HRA	1B	2.5	(11.5)	14.0	N/A	(23.0)
Finance Charges - HRA		0.0	0.0	0.0	0.0	1,584.7
Service Total		(945.5)	(894.6)	(50.9)	105.7	0.0

Orkney College	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Business Support	1B	137.5	178.9	(41.4)	76.8	0.0
Further and Higher Education	1B	(332.3)	(296.9)	(35.4)	111.9	0.0
Agronomy Institute		17.8	27.3	(9.5)	65.0	0.0
Archaeology Institute	1B	477.3	232.0	245.3	205.8	0.0
Institute for Northern Studies	1B	68.8	34.6	34.2	198.9	0.0
Service Total		369.1	175.9	193.2	209.8	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 £77.8K</p> <p>Mainly due to staff vacancies.</p>	<p>Monitor the situation</p> <p>Librarian post has now been filled, other vacancies ongoing.</p>	James Wylie	31/03/2020	New
R14A	<p>Early Learning & Childcare</p> <p>Less than anticipated expenditure by £518.3K</p> <p>Vacant posts now filled.</p>	<p>Monitor the situation</p> <p>Monitor budget to ensure profile is accurate during expansion phase of Early Learning and Childcare hours (detailed within the ELC Delivery Plan).</p>	Peter Diamond	31/03/2020	Ongoing
R14FI	<p>Additional Support Needs</p> <p>More than anticipated expenditure by £149.9K</p> <p>Cost of exceptional packages of care (shared with OHAC) exceed base budget.</p>	<p>Monitor the situation</p> <p>Continue to monitor the situation, additional funds from Outwith Orkney Placements Fund may be required.</p>	Peter Diamond	31/03/2020	Ongoing

Annex 3: Budget Action Plan

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R14N	<p>Quality Development</p> <p>Less than anticipated expenditure by £51.9K</p> <p>The variance is mainly in respect of grant funding carried forward from 2018 to 2019 to 2019 to 2020. However, two cost centres also require budgets to be put in place to reflect the expenditure and funding.</p>	<p>Manage income/expenditure</p> <p>Submit claims, reprofile and establish budget line as appropriate.</p>	James Wylie	29/02/2020	Ongoing
R15A	<p>Administration</p> <p>More than anticipated income by £234.9K</p> <p>Government Grant for School Pupil Equity Fund received ahead of profile.</p>	<p>Raise virements request</p> <p>Profile to be reviewed.</p>	James Wylie	31/01/2020	New
R15B	<p>Assistance for Students</p> <p>More than anticipated expenditure by £18.0K</p> <p>Education Maintenance Allowance grant income still to be received. There are less applicants than anticipated, so profile will be reviewed.</p> <p>School Clothing Grants overspend is due to Government increase in grant to be paid to parents, this is due to be refunded by Scottish Government at the end of March.</p>	<p>Monitor the situation</p> <p>Review Education Maintenance Allowance profile as less applicants, therefore less grant income than anticipated will be received.</p> <p>Ensure that Scottish Government redetermination is paid into this cost centre to cover the increased cost.</p>	James Wylie	31/03/2020	New

Annex 3: Budget Action Plan

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R15F	School Transport Less than anticipated expenditure by £208.1K Outstanding invoices to be submitted.	Monitor the situation Monitor the situation.	James Wylie	31/01/2020	Ongoing

Annex 3: Budget Action Plan

Leisure & Cultural Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17E	<p>Tourism - Caravan Sites</p> <p>More than anticipated income by £26.1K</p> <p>Recording and management of advanced bookings.</p>	<p>Monitor the situation</p> <p>Budget has been reprofiled to match income and expenditure.</p>	Peter Diamond	31/03/2020	Ongoing
R17G	<p>Sports Development</p> <p>Less than anticipated expenditure by £27.2K</p> <p>Profile out of step with activity.</p>	<p>Monitor the situation</p> <p>Ensure profile reflects activity and budget plan.</p>	Peter Diamond	29/02/2020	Ongoing
R17N	<p>Active Schools</p> <p>More than anticipated income by £24.5K</p> <p>More grant received than anticipated.</p>	<p>Monitor the situation</p> <p>Consider re-profiling.</p>	Peter Diamond	29/02/2020	New
R17T	<p>Museums</p> <p>More than anticipated expenditure by £101.3K</p> <p>Key components include loss of income due to museum closure; delayed implementation of a service reduction.</p>	<p>Monitor the situation</p> <p>Monitor income changes.</p> <p>Reports to relevant Committees in due course addressing budget shortfalls.</p>	Peter Diamond	29/02/2020	Ongoing

Annex 3: Budget Action Plan

Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30B	<p>Homelessness</p> <p>More than anticipated income by £70.5K</p> <p>The Council's temporary accommodation is currently at full capacity and therefore income is higher than anticipated.</p>	<p>No action required</p> <p>No action necessary.</p>	Frances Troup	31/03/2020	New
R30E	<p>Energy Initiatives</p> <p>Less than anticipated expenditure by £67.2K</p> <p>The positive variance is due to profiling and is masking the issues. Awaiting the outcome of the claim lodged with the creditors of a company which has gone into administration; plus, grant income anticipated before the year-end.</p>	<p>Monitor the situation</p> <p>The situation is being monitored.</p>	Frances Troup	31/03/2020	Ongoing
R30G	<p>Miscellaneous - OH</p> <p>Less than anticipated expenditure by £18.7K</p> <p>A post remains vacant after an unsuccessful attempt at recruitment and is currently being re-advertised.</p>	<p>Monitor the situation</p> <p>The vacancy is currently being advertised.</p>	Frances Troup	31/03/2020	Ongoing

Annex 3: Budget Action Plan

Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30H	Housing Benefits More than anticipated expenditure by £72.4K Actual mandatory benefit expenditure currently above initial budget estimates.	Monitor the situation Final subsidy claim will address overspend.	Gareth Waterson	31/03/2020	Ongoing
R30P	Poverty and Social Inclusion Less than anticipated income by £38.8K Delay in the drawing down of funding from the Scottish Government.	Management input required Discussions are also ongoing with the Scottish Government.	Frances Troup	31/03/2020	Ongoing

Annex 3: Budget Action Plan

Housing Revenue Account

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R61I	Other Income - HRA Less than anticipated income by £14.0K There has been a delay in payment of the feed in tariff due to an intermediary going into administration.	Monitor the situation No action required meantime. This should progress through normal processes.	Frances Troup	31/03/2020	Ongoing

Annex 3: 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 £41.4K</p> <p>Staff vacancies are accumulating an underspend.</p>	<p>Raise virements request</p> <p>College Principal to manage this underspend at year end to support the overall budget.</p>	James Wylie	29/02/2020	Ongoing
R67B	<p>Further and Higher Education</p> <p>More than anticipated income by £35.4K</p> <p>The initial income with the Agriculture Department is higher than anticipated and the income from the Modern Apprenticeship Scheme is ahead of the profile. In both Agriculture and Maritime Studies associated costs require profiling.</p>	<p>Raise virements request</p> <p>Curriculum leaders to request virements.</p>	James Wylie	29/02/2020	Ongoing
R67F	<p>Archaeology Institute</p> <p>More than anticipated expenditure by £245.3K</p> <p>The Orkney Research Centre for Archaeology (ORCA) commercial unit is running at a loss. Orkney College has documented all due income which will be monitored closely by the ELH Directorate, CMC and ELH Committee.</p>	<p>Management input required</p> <p>Regular meetings have been established to discuss actions required to address this matter. Significant monitoring is taking place. This action will be presented to relevant governing structures.</p>	James Wylie	29/02/2020	Ongoing

Annex 3: Budget Action Plan

Orkney College

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R67G	Institute for Northern Studies More than anticipated expenditure by £34.2K Expenditure generally ahead of profile. All areas currently remain within the annual budget set.	Raise virements request Management Intervention required to review the overspend.	James Wylie	29/02/2020	Ongoing