

Item: 4

College Management Council Sub-committee: 21 January 2019.

Orkney College – Draft Revenue Budget.

Report by Executive Director of Education, Leisure and Housing.

1. Purpose of Report

To consider the draft revenue budget for Orkney College for financial year 2019 to 2020.

2. Recommendations

It is recommended:

2.1.

That the draft revenue budget for Orkney College for financial year 2019 to 2020, attached as Annex 1 to this report, be submitted to the Policy and Resources Committee for consideration through the budget setting process.

3. Draft Budget for Financial Year 2019 to 2020

3.1.

The draft budget for financial 2019 to 2020 is attached as Annex 1 to this report.

3.2.

The draft budget has an overall increase in expenditure of £302,400 compared to the original 2018 to 2019 budget. The increases comprise:

- Staff Costs increase by £394,800 to cover:
 - Increased lecturing staff costs relating to National Bargaining.
 - Increased employers contribution to teachers' pension scheme.
 - Inflation allowance.
- Property Costs increase by £1,700 to cover inflation.
- Supplies and Services decrease by £43,800 following the end of project funded activity.
- Transport Costs increase by £18,000 to cover funded Doctor of Philosophy and staff projects.
- Administration Costs decrease by £43,300 mainly due to a reduction in costs associated with Doctor of Philosophy projects.
- Apportioned Costs increase by £2,200 allowing for inflation on recharges.
- Third Party Payments decrease by £27,200 reflecting reduction in fully funded Doctor of Philosophy stipends.

3.3.

The draft budget includes an increase in income of £302,400. The increases comprise:

- European Funding increase of £20,600 reflects income from a new project.
- Scottish Funding Council increase of £308,800 mainly covers increased funding for National Bargaining and Remoteness.
- Rental income decrease of £3,100 reflects reduction of income from University of the Highlands and Islands hosted staff.
- Sales income increase of £1,100 reflects small adjustments across a variety of areas.
- Course related income increase of £46,700 reflects increased undergraduate and taught post-graduate fee income.
- Research Business Unit decrease of £71,700 partially reflects an increase in confirmed project income and partially a lower target being required to reach a balanced position.

3.4.

The budget for teaching grant funding includes the assumption that both further and higher education will continue to be funded at the same or similar levels in academic year 2019 to 2020 as they were in academic year 2018 to 2019. National Bargaining costs are to be fully funded. There is no allowance for increased pension or inflation costs to be covered.

3.5.

Within the Research Business Units there is an assumption that sufficient research and commercial activity will be sourced to cover budgeted expenditure. This requirement is currently predicted to be £599,000. As much of this income is yet to be identified, bid for and won it is identified as 'Miscellaneous Income'. As and when the income is realised throughout the year on a rolling basis in the form of multiple grants and contracts it is included in the 'Other Grants' or 'Fees and Charges' budgets as appropriate.

4. Corporate Governance

This report relates to 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.

5. Financial Implications

The requirement to set a balanced budget requires planned levels of expenditure and income to be realistic. On the basis that the main sources of teaching funding have yet to be released for academic year 2019 to 2020 and the Research Business Units have income of £599,000 to be “identified, bid for and won”, the draft budget for 2019 to 2020 carries an inherent risk that the assumed income levels will not be achieved. If this is the case then compensatory reduction in expenditure will be required.

6. Legal Aspects

Effective budgeting and monitoring helps the Council meet its statutory obligation to secure best value.

7. Contact Officers

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8. Annex

Annex 1: Draft Revenue Budget for Financial Year 2019 to 2020.

