



Item: 4

Education, Leisure and Housing Committee: 11 September 2024.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Overview

- 1.1. On 11 March 2024, the Council set its overall revenue budget for financial year 2024/25. On 18 June 2024, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2024/25, which form the basis of the individual revenue expenditure monitoring reports.
- 1.2. Individual revenue expenditure monitoring 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.
- 1.3. 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.
- 1.4. 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).
- 1.5. 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.
- 1.6. The details have been provided following consultation with the relevant Corporate Directors and their staff.
- 1.7. 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.

2. Recommendations

2.1. It is recommended that members of the Committee:

- i. Note the revenue expenditure monitoring statement in respect of service areas for which the Education, Leisure and Housing is responsible, for financial year 2024/25 attached as Annex 1 to this report, indicating a budget underspend position of £953,200.
- ii. Note the revenue financial detail by service area statement in respect of service areas for which the Education, Leisure and Housing Committee is responsible, for the period 1 April to 30 June 2024, attached as Annex 2 to this report.
- iii. Scrutinise 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 appropriate action is being taken with regard to significant budget variances.

For Further Information please contact:

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Implications of Report

1. **Financial** The Financial Regulations state that Corporate Directors can incur expenditure within approved revenue and capital budgets. Such expenditure must be in accordance with the Council's policies and objectives and subject to compliance with the Financial Regulations.
2. **Legal** Regular financial monitoring and reporting help the Council meet its statutory obligation to secure best value.
3. **Corporate Governance** In terms of the Scheme of Administration, monitoring, on a quarterly basis, the levels of revenue expenditure incurred against approved budgets, in respect of each of the service areas for which the Committee is responsible is referred to the Education, Leisure and Housing Committee.
4. **Human Resources** N/A
5. **Equalities** Equality Impact Assessment is not required for financial monitoring.
6. **Island Communities Impact** Island Communities Impact Assessment is not required for financial monitoring.
7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our Communities.

Developing our Infrastructure.

Transforming our Council.

- 8. Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:

Cost of Living.

Sustainable Development.

Local Equality.

- 9. Environmental and Climate Risk** N/A

- 10. Risk** N/A

- 11. Procurement** N/A

- 12. Health and Safety** N/A

- 13. Property and Assets** N/A

- 14. Information Technology** N/A

- 15. Cost of Living** N/A

List of Background Papers

Policy and Resources Committee, 27 February 2024, Budget and Council Tax Level for 2024/25.

Policy and Resources Committee, 18 June 2024, Detailed Revenue Budgets

Annexes

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

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

General Fund					
Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Education	11,795.9	11,744.4	51.5	100.4	46,463.5
Leisure & Cultural Services	1,476.9	1,718.8	(241.9)	85.9	4,993.3
Other Housing	713.5	921.5	(208.0)	77.4	2,295.6
	13,986.3	14,384.7	(398.4)	97.2	53,752.4
Non-General Fund					
Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Housing Revenue Account	1,056.3	1,586.5	(530.2)	66.6	(560.0)
UHI Orkney	83.3	107.9	(24.6)	77.2	0.0
	1,139.6	1,694.4	(554.8)	67.3	(560.0)
Service Totals	15,125.9	16,079.1	(953.2)	94.1	53,192.4

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	9	5	15	33%
Leisure & Cultural Services	11	6	14	43%
Other Housing	6	5	11	45%
Housing Revenue Account	3	2	7	29%
UHI Orkney	3	1	5	20%
Totals	32	19	52	37%

Annex 2: Financial Detail by Service Area

June 2024

The following tables show the spending position by service function

General Fund

	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Education						
Senior Secondary Schools	1C	3,646.0	3,752.3	(106.3)	97.2	12,388.8
Junior Secondary Schools		1,050.4	1,017.8	32.6	103.2	3,382.7
Primary Schools	1C	3,656.0	3,557.5	98.5	102.8	12,459.9
Early Learning & Childcare		1,055.8	1,022.2	33.6	103.3	4,935.5
Additional Support Needs	1C	950.2	869.7	80.5	109.3	3,811.1
Papdale Halls of Residence		196.2	209.6	(13.4)	93.6	956.0
Quality Development		20.0	19.4	0.6	103.1	69.9
Administration		296.2	288.7	7.5	102.6	1,374.5
Assistance for Students	1B	42.5	60.6	(18.1)	70.1	242.2
Community Learning & Development	1B	13.9	37.9	(24.0)	36.7	687.3
School Meals		396.8	425.9	(29.1)	93.2	2,026.5
School Transport		456.5	462.1	(5.6)	98.8	4,151.5
School Crossing Patrol		13.1	14.6	(1.5)	89.7	67.3
Movement in Reserves		0.0	0.0	0.0	0.0	(100.3)
Parent Councils		2.3	6.1	(3.8)	37.7	10.6
Service Total		11,795.9	11,744.4	51.5	100.4	46,463.5

	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Leisure & Cultural Services						
Administration - RC		71.4	68.5	2.9	104.2	449.0
Parks and Play Areas		368.4	392.3	(23.9)	93.9	442.2
Healthy Living Centres		11.4	16.0	(4.6)	71.3	91.1
Tourism - Caravan Sites	1B	(59.5)	(4.4)	(55.1)	1,352.3	(14.0)
Tourism - Hostels	1B	(17.7)	6.7	(24.4)	N/A	3.8
Sports Development		29.8	33.7	(3.9)	88.4	102.0
Sports Facilities		313.6	339.1	(25.5)	92.5	1,079.4
Swimming Pools		140.6	151.7	(11.1)	92.7	332.6
Active Schools		(162.0)	(161.0)	(1.0)	100.6	49.9
Community Facilities	1B	223.7	203.3	20.4	110.0	369.6
Heritage Development	1B	23.5	37.1	(13.6)	63.3	350.9
Museums	1B	107.3	129.7	(22.4)	82.7	393.4
St Magnus Cathedral	1B	60.9	135.1	(74.2)	45.1	273.3
Libraries		365.5	371.0	(5.5)	98.5	1,070.1
Service Total		1,476.9	1,718.8	(241.9)	85.9	4,993.3

		Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Other Housing	PA					
Housing Support		15.0	16.5	(1.5)	90.9	76.0
Homelessness	1B	363.4	451.9	(88.5)	80.4	1,118.0
Housing Loans		(0.9)	(1.3)	0.4	69.2	12.6
Energy Initiatives		467.9	467.9	0.0	100.0	43.5
Garages	1B	(19.7)	(2.1)	(17.6)	938.1	(103.1)
Miscellaneous - OH		(376.8)	(366.0)	(10.8)	103.0	263.8
Housing Benefits	1B	149.5	42.4	107.1	352.6	365.9
Landlord Registration	1B	(22.9)	(70.2)	47.3	32.6	(26.3)
Care & Repair	1B	95.4	348.2	(252.8)	27.4	395.0
Sheltered Housing		44.2	40.6	3.6	108.9	174.0
Student Accommodation		(1.6)	(6.4)	4.8	25.0	(23.8)
Service Total		713.5	921.5	(208.0)	77.4	2,295.6

Non-General Fund

		Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Housing Revenue Account	PA					
Administration - HRA	1B	169.6	189.8	(20.2)	89.4	1,250.3
Property Costs - HRA		1,991.1	1,985.2	5.9	100.3	2,103.0
Rent Income	1B	(1,110.7)	(594.0)	(516.7)	187.0	(4,499.0)
Tenant Participation		6.2	5.5	0.7	112.7	27.7
Other Income - HRA		0.1	0.0	0.1	0.0	(23.0)
Movement in Reserves		0.0	0.0	0.0	0.0	(242.0)
Finance Charges - HRA		0.0	0.0	0.0	0.0	823.0
Service Total		1,056.3	1,586.5	(530.2)	66.6	(560.0)

		Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
UHI Orkney	PA					
Business Support		182.7	177.5	5.2	102.9	673.6
Further and Higher Education	1B	(93.5)	(67.4)	(26.1)	138.7	(748.4)
Agronomy Institute		24.3	29.8	(5.5)	81.5	(2.5)
Archaeology Institute		42.5	47.4	(4.9)	89.7	62.8
Institute for Northern Studies		(72.7)	(79.4)	6.7	91.6	14.5
Service Total		83.3	107.9	(24.6)	77.2	0.0

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 £106.3K</p> <p>Contribution to corporate repairs and maintenance profiled for April but not charged. Other property costs (including planned works) yet to be charged/carried out.</p>	<p>Monitor the situation</p> <p>Monitor internal charges/planned works programme.</p>	Peter Diamond	31/07/2024	Ongoing
R13AW	<p>Primary Schools</p> <p>More than anticipated expenditure by £98.5K</p> <p>Cover for sickness absence (less than 6 months). Contribution to repairs and maintenance profiled for April but not charged. Energy charges not yet received.</p>	<p>Monitor the situation</p> <p>Monitor internal charges/planned works programme.</p> <p>Budget holders to monitor for invoice presentation.</p>	Peter Diamond	31/07/2024	Ongoing
R14FI	<p>Additional Support Needs</p> <p>More than anticipated expenditure by £80.5K</p> <p>Staffing levels unchanged for summer term (first quarter of the new budget year) in order to maintain consistency for learners.</p>	<p>Monitor the situation</p> <p>Adjustments to be made to both staffing and funding source (budget realignment) from August onward to project delivery for vulnerable children.</p>	Peter Diamond	30/08/2024	New

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R15B	<p>Assistance for Students</p> <p>Less than anticipated expenditure by £18.1K</p> <p>Number of applications, awards and claims varies. Currently awards made is behind budget as profiled.</p>	<p>Monitor the situation</p> <p>Budget holder to monitor the situation and review before the end of quarter 2.</p>	Peter Diamond	30/09/2024	Ongoing
R15C	<p>Community Learning & Development</p> <p>Less than anticipated expenditure by £24.0K</p> <p>A combination of posts to be recruited to, profiles to be changed and some funding being later than expected.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Frances Troup	31/07/2024	Ongoing

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 £55.1K</p> <p>Income received for bookings later in the year.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Frances Troup	31/07/2024	Ongoing
R17F	<p>Tourism - Hostels</p> <p>Less than anticipated expenditure by £24.4K</p> <p>Income is significantly higher than profiling. Also property costs yet to be charged.</p>	<p>Raise virements request</p> <p>Virement to correct profiling.</p>	Frances Troup	31/07/2024	Ongoing
R17P	<p>Community Facilities</p> <p>More than anticipated expenditure by £20.4K</p> <p>Property costs and bin contracts to be charged.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Frances Troup	31/07/2024	Ongoing
R17S	<p>Heritage Development</p> <p>Less than anticipated expenditure by £13.6K</p> <p>The variance is because grant funding has been received in to cover the costs of a specific post through to January 2025.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Frances Troup	31/01/2025	Ongoing

Leisure & Cultural Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17T	<p>Museums</p> <p>Less than anticipated expenditure by £22.4K</p> <p>A combination of anticipated property costs yet to be charged, a reimbursement payment is yet to be received from a partner agency and donations are higher than anticipated.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Frances Troup	31/07/2024	Ongoing
R17U	<p>St Magnus Cathedral</p> <p>Less than anticipated expenditure by £74.2K</p> <p>Anticipated property costs have yet to be charged.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Frances Troup	31/07/2024	Ongoing

Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30B	<p>Homelessness</p> <p>Less than anticipated expenditure by £88.5K</p> <p>A combination of high occupation of temporary accommodation bringing in rental payments, cost of Bed and Breakfast accommodation and maintenance charges to be levied.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Frances Troup	31/07/2024	Ongoing
R30F	<p>Garages</p> <p>More than anticipated income by £17.6K</p> <p>Collection of garage arrears higher than anticipated.</p>	<p>Monitor the situation</p> <p>Monitor situation.</p>	Frances Troup	31/07/2024	Ongoing
R30H	<p>Housing Benefits</p> <p>More than anticipated expenditure by £107.1K</p> <p>Annual costs for licences and membership costs, along with lower than anticipated Housing Benefit funding has resulted in the overspend in this area.</p>	<p>Raise virements request</p> <p>Where appropriate reprofiling of budget lines will be made to better reflect costs incurred.</p>	Erik Knight	31/07/2024	Ongoing

Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30K	<p>Landlord Registration</p> <p>Less than anticipated income by £47.3K</p> <p>Annual charge levied.</p>	<p>Monitor the situation</p> <p>Registrations expire at various times during the year which varies from year to year. Monitor the situation and consider reprofiling later in the year.</p>	Frances Troup	31/07/2024	Ongoing
R30L	<p>Care & Repair</p> <p>Less than anticipated expenditure by £252.8K</p> <p>Invoice yet to be received.</p>	<p>Monitor the situation</p> <p>Monitor the situation meantime.</p>	Frances Troup	31/07/2024	Ongoing

Housing Revenue Account

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R61A	<p>Administration - HRA Less than anticipated expenditure by £20.2K A combination of a vacant post and recruitment difficulties and invoices for a specific piece of work which have yet to be levied.</p>	<p>Monitor the situation Monitor situation.</p>	Frances Troup	31/07/2024	Ongoing
R61E	<p>Rent Income More than anticipated income by £516.7K Figures are not as anticipated as corrections/refunds needed to be made to the customer accounts due to the rent Increase timing/notice periods.</p>	<p>Monitor the situation Work is ongoing to sort issue.</p>	Erik Knight	31/07/2024	Ongoing

Orkney College

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R67B	<p>Further and Higher Education</p> <p>More than anticipated income by £26.1K</p> <p>There is a vacant post and the senior management team are currently considering timing and nature of the recruitment process.</p> <p>A number of invoices that were expected have not yet been submitted.</p>	<p>Management input required</p> <p>The budget holder and senior management team will finalise the staffing and recruitment process.</p>	Peter Diamond	31/07/2024	Ongoing