

## **Item: 4**

**Education, Leisure and Housing Committee: 12 September 2018.**

**Revenue Expenditure Outturn Report.**

**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 outturn position for financial year 2017 to 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 expenditure outturn statement in respect of Education, Leisure and Housing for financial year 2017 to 2018, attached as Annex 1 to this report, indicating the following:

- A net General Fund overspend of £238,600.
- A net Non-General Fund underspend of £106,200.

#### **2.2.**

That the overspend within General Fund Services in respect of Education Leisure and Housing has reduced from £497,500 in 2016 to 2017 to £238,600 in 2017 to 2018.

#### **2.3**

That the overspend in 2016 to 2017 included the following elements which were largely out with the control of the Service:

- Non-domestic rates £100,000
- Long term illness supply costs £130,000

#### **2.4**

That the overspend incurred during 2017 to 2018 included the following elements:

- School transport £97,600.
- Support for Learning Assistants £118,400.

## **2.5**

The explanations given, and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 2 to this report.

## **3. Introduction**

At the Special General Meeting held on 22 February 2017, as part of the budget setting process for 2017 to 2018, the Council agreed the Revenue Estimates, Council Tax level and the contribution from General Fund Reserves for financial year 2017 to 2018.

## **4. Background**

### **4.1.**

Individual revenue expenditure monitoring reports are circulated as briefing reports every month to inform committee members of the up to date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees.

### **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 revenue expenditure outturn statement is attached as Annex 1 to this report.

#### **5.2.**

The Budget Action Plan, attached as Annex 2 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 Outcomes 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.

#### **7.3.**

The outturn statements include a number of accounting entries required to comply with proper accounting practice, including International Financial Reporting Standards. This includes accounting for the use of fixed assets, for example, depreciation and revaluations, current service cost of pensions and accumulated staff absences.

#### **7.4.**

The General Fund overspend has reduced from £497,500 in 2016 to 2017 to £238,600 in 2017 to 2018.

## **7.5.**

The 2016 to 2017 overspend included the following elements which were largely out with the control of the service:

- Non-domestic Rates, £100,000.
- Long term illness supply costs, £130,000.

## **7.6.**

The 2017 to 2018 overspend included the following elements:

- School transport £97,600.
- Support for Learning Assistants £118,400.

## **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](mailto:wilf.weir@orkney.gov.uk).

Gillian Morrison, Executive Director of Corporate Services, extension 2103, Email [gillian.morrison@orkney.gov.uk](mailto:gillian.morrison@orkney.gov.uk).

Gareth Waterson, Head of Finance, extension 2103, Email [gareth.waterson@orkney.gov.uk](mailto:gareth.waterson@orkney.gov.uk).

## **10. Annexes**

Annex 1: Revenue Expenditure Outturn Statement.

Annex 2: Budget Action Plan.

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2017 to 2018

	<b>Spend</b>	<b>Budget</b>	<b>Over/Under</b>		<b>Annual</b>
	<b>£000</b>	<b>£000</b>	<b>Spend</b>		<b>Budget</b>
			<b>£000</b>	<b>%</b>	<b>£000</b>
<b>General Fund Services</b>					
Education	31,263.5	31,013.6	249.9	100.8	31,013.6
Leisure and Cultural	4,370.5	4,237.1	133.4	103.1	4,237.1
Other Housing	1,343.1	1,487.8	-144.7	90.3	1,487.8
<b>Service Totals</b>	<b>36,977.1</b>	<b>36,738.5</b>	<b>238.6</b>	<b>100.6</b>	<b>36,738.5</b>
<b>Non-General Fund Service</b>					
HRA	-65.7	0.0	-65.7	n/a	0.0
Orkney College	-40.5	0.0	-40.5	n/a	0.0
<b>Service Totals</b>	<b>-106.2</b>	<b>0.0</b>	<b>-106.2</b>	<b>n/a</b>	<b>0.0</b>

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2017 to 2018

Education	PA	Spend	Budget	Over/Under		Annual
		£000	£000	£000	%	Budget
						£000
Senior Secondary Schools		9,603.8	9,607.9	-4.1	100.0	9,607.9
Junior Secondary Schools		2,665.8	2,676.2	-10.4	99.6	2,676.2
Primary Schools	<b>1c</b>	9,927.2	9,758.8	168.4	101.7	9,758.8
Pre-School Education		1,578.2	1,581.9	-3.7	99.8	1,581.9
Additional Support Needs		1,229.7	1,219.5	10.2	100.8	1,219.5
Papdale Halls of Residence		703.6	703.8	-0.2	100.0	703.8
Quality Development		75.5	80.5	-5.0	93.8	80.5
Administration		2,361.6	2,387.4	-25.8	98.9	2,387.4
Assistance for Students		202.1	202.5	-0.4	99.8	202.5
Community Learning and Dev		371.8	386.8	-15.0	96.1	386.8
School Meals		1,039.0	1,000.2	38.8	103.9	1,000.2
School Transport	<b>1c</b>	2,302.0	2,204.4	97.6	104.4	2,204.4
School Crossing Patrol		44.8	45.0	-0.2	99.6	45.0
Movement in Reserves		-849.8	-849.8	0.0	100.0	-849.8
Parent Councils		8.2	8.5	-0.3	96.5	8.5
<b>Service Totals</b>		<b>31,263.5</b>	<b>31,013.6</b>	<b>249.9</b>	<b>100.8</b>	<b>31,013.6</b>

### Budget Summary

Original Net Budget	30,241.6
Budget for Isles Pool Attendants moved from Education to Leisure	-26.6
Budget for Developing the Young Workforce from Education to Leisure	-15.1
Redetermination - Teachers Pays	30.0
Redetermination - Teacher Induction Scheme	239.0
Contribution from Outwith Orkney Placements Fund	330.4
R&R Fund Contribution - Dounby School Doors	67.0
Movement on DSM Fund for year	100.2
SIP Budget Contribution	3.0
Re-align Central Administration Apportioned Costs	44.1
<b>Revised Net Budget</b>	<b>31,013.6</b>

### Movement in Reserves Statement

IFRS Accounting Entries	-849.8
	<b>-849.8</b>

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2017 to 2018

Leisure and Cultural Services	PA	Spend	Budget	Over/Under		Annual
		£000	£000	£000	%	Budget
						£000
Administration		667.2	642.6	24.6	103.8	642.6
Parks and Play Areas		306.7	291.2	15.5	105.3	291.2
Healthy Living Centres		42.6	42.7	-0.1	99.8	42.7
Caravan Sites		-26.2	-22.4	-3.8	117.0	-22.4
Hostels		8.7	2.9	5.8	300.0	2.9
Sports Development		77.5	78.6	-1.1	98.6	78.6
Sports Facilities		1,017.9	1,006.7	11.2	101.1	1,006.7
Swimming Pools		246.9	230.7	16.2	107.0	230.7
Theatres		12.4	6.5	5.9	190.8	6.5
Active Schools		77.6	77.2	0.4	100.5	77.2
Community Facilities		325.8	320.3	5.5	101.7	320.3
Heritage Development		279.7	281.9	-2.2	99.2	281.9
Museums		377.1	354.7	22.4	106.3	354.7
St Magnus Cathedral	<b>1b</b>	143.7	160.0	-16.3	89.8	160.0
Movement in Reserves		-186.5	-186.5	0.0	100.0	-186.5
Libraries		999.4	950.0	49.4	105.2	950.0
<b>Service Totals</b>		<b>4,370.5</b>	<b>4,237.1</b>	<b>133.4</b>	<b>103.1</b>	<b>4,237.1</b>

### Budget Summary

Original Net Budget	4,119.8
Budget for Isles Pool Attendants moved from Education to Leisure	26.6
Budget for Developing the Young Workforce from Education to Leisure	15.1
Contribution from Recreation Projects Fund - Development Officers Post	21.4
Contribution from Recreation Projects Fund - WW1 Commemorations	7.2
Contribution from Recreation Projects Fund - Parks & Play Areas	5.2
SIP Budget Contribution	22.7
Re-align Central Administration Apportioned Costs	19.1
<b>Revised Net Budget</b>	<b>4,237.1</b>

### Movement in Reserves Statement

IFRS Accounting Entries	-206.0
<u>Transfer to Reserves:</u>	
Contribution to Recreation Projects Fund - St Magnus Festival advance 2016/17	19.5
	<b>-186.5</b>

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2017 to 2018

<b>Other Housing</b>	<b>PA</b>	<b>Spend</b>	<b>Budget</b>	<b>Over/Under</b>		<b>Annual</b>
		<b>£000</b>	<b>£000</b>	<b>Spend</b>	<b>%</b>	<b>Budget</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>£000</b>
Housing Support		52.4	60.0	-7.6	87.3	60.0
Homelessness		704.2	749.5	-45.3	94.0	749.5
Housing Loans		9.7	9.6	0.1	101.0	9.6
Energy Initiatives		34.0	33.4	0.6	101.8	33.4
Garage Lets		-84.6	-84.2	-0.4	100.5	-84.2
Miscellaneous		180.0	168.9	11.1	106.6	168.9
Housing Benefits	<b>1b</b>	107.1	202.1	-95.0	53.0	202.1
Mobile Home Sites		2.2	0.4	1.8	550.0	0.4
Landlord Registration	<b>1b</b>	-3.6	-19.2	15.6	18.8	-19.2
Care and Repair		283.7	306.4	-22.7	92.6	306.4
Sheltered Housing		118.6	129.6	-11.0	91.5	129.6
Movement in Reserves		-47.1	-47.1	0.0	100.0	-47.1
Student Accommodation		-13.5	-21.6	8.1	62.5	-21.6
<b>Service Totals</b>		<b>1,343.1</b>	<b>1,487.8</b>	<b>-144.7</b>	<b>90.3</b>	<b>1,487.8</b>

### **Budget Summary**

Original Net Budget	1,418.2
Redetermination - Temporary Accommodation	62.3
Redetermination - Discretionary Housing Payments	2.2
Re-align Central Administration Apportioned Costs	5.1
	<u><u>1,487.8</u></u>

### **Movement in Reserves Statement**

IFRS Accounting Entries	-47.1
	<u><u>-47.1</u></u>



## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2017 to 2018

Housing Revenue Account	PA	Spend	Budget	Over/Under		Annual
		£000	£000	£000	%	Budget
Administration		734.4	748.6	-14.2	98.1	748.6
Property Costs	1c	1,263.9	1,342.4	-78.5	94.2	1,342.4
Rent Income		-3,566.7	-3,587.7	21.0	99.4	-3,587.7
Tenant Participation	1b	1.7	22.9	-21.2	7.4	22.9
Other Income		-24.1	-23.0	-1.1	104.8	-23.0
Accounting for Pensions		9.1	9.1	0.0	100.0	9.1
Movement in Reserves		957.9	929.6	28.3	103.0	929.6
Finance Charges		558.1	558.1	0.0	100.0	558.1
<b>Service Totals</b>		<b>-65.7</b>	<b>0.0</b>	<b>-65.7</b>	<b>n/a</b>	<b>0.0</b>

### **Movement in Reserves Statement**

IFRS Accounting Entries	1,200.5
<u>Transfer from Reserves:</u>	
Transfer of Council tax 2nd homes income from General Fund	-242.6
	<b>957.9</b>

### **Housing Revenue Account Statement of Reserves**

	Opening Balance	Deficit / -Surplus	Closing Balance
Housing Revenue Account Fund	-177.3	0.0	-177.3
Housing Revenue Account Property Maintenance Fund	0.0	-65.7	-65.7
<b>Housing Revenue Account Total Useable Reserves</b>	<b>-177.3</b>	<b>-65.7</b>	<b>-243.0</b>

## Annex 1: Revenue Expenditure Outturn Statement for Financial Year 2017 to 2018

	PA	Spend	Budget	Over/Under		Annual
		£000	£000	£000	%	Budget
						£000
<b>Orkney College</b>	<b>1b</b>					
Business Support		195.8	229.8	-34.0	85.2	229.8
Further and Higher Education		10.1	13.3	-3.2	75.9	13.3
Agronomy Institute		-57.4	-50.0	-7.4	114.8	-50.0
Archaeology Institute		101.1	100.2	0.9	100.9	100.2
Centre for Nordic Studies		-60.3	-63.5	3.2	95.0	-63.5
Accounting for Pensions		46.1	46.1	0.0	100.0	46.1
Movement in Reserves		-275.9	-275.9	0.0	100.0	-275.9
<b>Service Totals</b>		<b>-40.5</b>	<b>0.0</b>	<b>-40.5</b>	<b>n/a</b>	<b>0.0</b>

### **Movement in Reserves Statement**

IFRS Accounting Entries

-275.9

-275.9

### **Orkney College Statement of Reserves**

Opening Balance Deficit 1 April 2017

-67.4

Financial Year 2017/18 Surplus

-40.5

Closing Balance as at 31 March 2018

-107.9

**Annex 2:****Budget Action Plan**

<b>Education</b>			
<b>Function</b>	<b>Function Description / Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>
<b>R13AW</b>	<b>Primary Schools</b>  More than anticipated expenditure by £168.4K  Mainly staffing costs - Support for Learning Assistants and Retained Teaching Supply.	The reduction of Support for Learning assistants will be implemented as from October 2018 to bring this overspend within budget moving forward.  Continuous implementation of the Absence Management Policy to support staff back into work.	<b>J Wylie</b>
<b>R15F</b>	<b>School Transport</b>  More than anticipated expenditure by £97.6K  Overspend is entirely due to the incremental increase of 6.37% awarded in recognition of an increase in fuel prices as per the terms of the contract.	During the budget setting process for 2018 to 2019 a service pressure bid of £140k was deferred.	<b>J Wylie</b>

**Annex 2:****Budget Action Plan**

<b>Leisure</b>			
<b>Function</b>	<b>Function Description / Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>
<b>R17U</b>	<b>St Magnus Cathedral</b>  Less than anticipated expenditure by £16.3K  Due to a staff vacancy during the year.	No action required.	<b>P Diamond</b>

**Annex 2:****Budget Action Plan**

<b>Other Housing</b>			
<b>Function</b>	<b>Function Description / Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>
<b>R30H</b>	<b>Housing Benefits</b>  Less than anticipated expenditure by £95.0K  Discretionary Housing Payments were less than budget provision.  There is also £62k temporary accommodation Government Grant that was not required during the year.	No action required.	<b>G Waterson</b>
<b>R30K</b>	<b>Landlord Registration</b>  Less than anticipated income by £15.6K  Income from registrations less than anticipated.	No action required.	<b>F Troup</b>

**Annex 2:****Budget Action Plan**

<b>Housing Revenue Account</b>			
<b>Function</b>	<b>Function Description / Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>
<b>R61B</b>	<b>Property Costs</b>  Less than anticipated expenditure by £78.5K  Mainly in respect of an underspend of £65.7k on property repairs and maintenance which has been set-aside in the Property Maintenance Fund.	No action required.	<b>F Troup</b>
<b>R61F</b>	<b>Tenant Participation</b>  Less than anticipated expenditure by £21.2K  Underspend is mainly due to a vacant post.	No action required.	<b>F Troup</b>

**Annex 2:**

**Budget Action Plan**

<b>Orkney College</b>			
<b>Function</b>	<b>Function Description / Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>
<b>R67A</b>	<b>Business Support</b>  Less than anticipated expenditure by £34.0K  Lower in-year spend on research, and department equipment.	It is not anticipated that this will be a recurring underspend, therefore no further action.	<b>P Diamond</b>