

## **Item: 5**

**College Management Council Sub-committee: 7 February 2022.**

**Revenue Expenditure Monitoring.**

**Joint Report by Executive Director of Education, Leisure and Housing and Head of Finance.**

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

To advise of the revenue position as at 31 December 2021 across all General Fund service areas for which the Sub-committee is responsible.

### **2. Recommendations**

The Sub-committee is invited to note:

#### **2.1.**

The revenue financial detail in respect of Orkney College for the period 1 April to 31 December 2021, attached as Annex 1 to this report, indicating a net surplus of £796,800.

The Sub-committee is invited to scrutinise:

#### **2.2.**

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, 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 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.

### **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 as 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 correction 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 details by service area statement for the period 1 April to 31 December 2021 is attached as Annex 1 to this report.

### **4.2.**

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.

## **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 Outcomes 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**

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## **9. Annexes**

Annex 1: Financial details by service area.

Annex 2: Budget Action Plan.

The following tables show the spending position by service function

<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>

## 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
R67F	<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
R67G	<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