

Item: 4

Education, Leisure and Housing Committee: 10 November 2021.

Revenue Expenditure Monitoring.

Joint Report by Executive Director of Education, Leisure and Housing, Interim Executive Director of Environment, Property and IT Services and Head of Finance.

1. Purpose of Report

To advise of the revenue position as at 30 September 2021 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 30 September 2021, attached as Annex 1 to this report, indicating the following:

- A net General Fund underspend of £143,200.
- A net Non-General Fund underspend of £956,500.

2.2.

The revenue financial detail by service area statement, in respect of Education, Leisure and Housing for the period 1 April to 30 September 2021, attached as Annex 2 to this report.

The Committee is invited to scrutinise:

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, 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 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 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.

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 30 September 2021 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

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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 Budget
	£000	£000	£000	%	£000
General Fund Service					
Education	15,013.4	15,282.6	(269.2)	98.2	37,839.7
Leisure & Cultural Services	2,180.2	2,128.8	51.4	102.4	4,390.6
Other Housing	1,104.8	1,030.1	74.7	107.3	1,850.8
Service Totals	18,298.4	18,441.5	(143.2)	99.2	44,081.1
Non-General Fund Service					
Housing Revenue Account	55.2	241.8	(186.6)	22.8	0.0
Orkney College	(210.4)	559.5	(769.9)	N/A	0.0
Service Totals	(155.2)	801.2	(956.5)	(19.4)	0.0

Service Area	No. of PAs		Service Functions	PAs/ Function
	P5	P6		
Education	4	4	14	29%
Leisure & Cultural Services	4	5	14	36%
Other Housing	2	4	11	36%
Housing Revenue Account	2	2	6	33%
Orkney College	4	3	5	60%
Totals	16	18	50	36%

Annex 2: Financial Detail by Service Area
September 2021

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		5,419.3	5,447.8	(28.5)	99.5	10,931.4
Junior Secondary Schools		1,600.7	1,638.9	(38.2)	97.7	3,047.9
Primary Schools	1C	5,851.0	5,919.3	(68.3)	98.8	11,525.7
Early Learning & Childcare	1C	1,610.7	1,702.7	(92.0)	94.6	4,256.5
Additional Support Needs		472.1	479.2	(7.1)	98.5	1,192.9
Papdale Halls of Residence		386.0	423.0	(37.0)	91.2	853.9
Quality Development		154.8	161.0	(6.2)	96.2	714.4
Administration		(2,325.5)	(2,284.0)	(41.5)	101.8	(593.7)
Assistance for Students	1B	95.9	79.4	16.5	120.9	198.9
Community Learning & Development	1B	123.6	96.3	27.3	128.3	337.1
School Meals		625.3	619.0	6.3	101.0	1,383.1
School Transport		976.9	969.7	7.2	100.7	3,930.8
School Crossing Patrol		20.5	24.3	(3.8)	84.4	52.1
Parent Councils		2.1	6.0	(3.9)	34.7	8.7
Service Total		15,013.4	15,282.6	(269.2)	98.2	37,839.7

Changes in original budget position:

Original Net Budget	35,950.9
Willow Tree Nursery from Repairs and Renewals Fund	60.0
Redetermination Flexibility - Digital Inclusion	58.0
Redetermination Flexibility - Home Learning	34.0
Redetermination Flexibility - Support Staff and Teachers	218.0
Redetermination Flexibility - Additional Teachers	100.2
Contingency Contribution to Willow Tree Nursery	170.0
Flexibility Fund Contribution - Educational Psychologist	2.0
Flexibility Fund Contribution - Community Consultation Project	5.0
Redetermination First 100 Days	241.0
Willow Tree Nursery from Repairs and Renewals Fund	80.0
Redetermination COVID-19 additional Staff Funding	246.0
Redetermination Family Pandemic Support Payments	47.8
Contribution to Education from Redetermination Flexibility Fund	358.9
Redetermination - School Meals	155.0
Contingency Contribution - Flotta School	110.0
Summer of Play Funding	2.9
	37,839.7

Leisure & Cultural Services	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Administration - RC		(49.2)	(44.1)	(5.1)	111.6	433.6
Parks and Play Areas		326.6	325.5	1.1	100.3	345.9
Healthy Living Centres		25.1	27.2	(2.1)	92.1	70.1
Tourism - Caravan Sites		(31.6)	(24.9)	(6.7)	126.7	(12.5)
Tourism - Hostels	1B	(19.7)	(5.0)	(14.7)	393.0	(2.5)
Sports Development		15.6	22.7	(7.1)	68.8	84.3
Sports Facilities		490.1	493.0	(2.9)	99.4	1,039.6
Swimming Pools	1B	178.2	148.5	29.7	120.0	214.6
Active Schools		28.5	31.0	(2.5)	91.9	140.7
Community Facilities	1B	253.6	210.1	43.5	120.7	320.8
Heritage Development	1B	160.8	179.7	(18.9)	89.5	313.9
Museums	1B	191.0	155.3	35.7	123.0	292.6
St Magnus Cathedral		135.3	135.9	(0.6)	99.5	182.8
Libraries		475.9	473.9	2.0	100.4	966.7
Service Total		2,180.2	2,128.8	51.4	102.4	4,390.6

Changes in original budget position:

Original Net Budget	4,278.5
PESF Boost from Redetermination Flexibility Fund	47.0
Redetermination - Summer of Play	68.0
Summer of Play Funding	(2.9)
	4,390.6

		Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Other Housing	PA					
Housing Support		30.2	30.5	(0.3)	98.9	65.3
Homelessness		527.0	521.3	5.7	101.1	839.2
Housing Loans		(11.4)	(15.0)	3.6	76.2	10.9
Energy Initiatives		110.8	106.4	4.4	104.1	38.3
Garages	1B	(14.2)	(31.0)	16.8	45.9	(97.1)
Miscellaneous - OH	1B	30.3	43.3	(13.0)	70.0	228.9
Housing Benefits	1B	270.2	217.6	52.6	124.2	355.1
Landlord Registration		(34.4)	(26.7)	(7.7)	128.8	(21.4)
Care & Repair		129.0	127.7	1.3	101.0	312.6
Sheltered Housing		68.1	67.5	0.6	100.9	141.1
Student Accommodation	1B	(0.8)	(11.5)	10.7	7.3	(22.1)
Service Total		1,104.8	1,030.1	74.7	107.3	1,850.8

Changes in original budget position:

Original Net Budget	1,660.7
Redetermination - Low Income Pandemic Payment	190.1
	1,850.8

		Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Housing Revenue Account	PA					
Administration - HRA		221.2	244.1	(22.9)	90.6	755.6
Property Costs - HRA		1,512.3	1,511.5	0.8	100.1	1,600.5
Rent Income	1B	(1,699.7)	(1,525.1)	(174.6)	111.4	(3,933.6)
Tenant Participation		2.3	11.3	(9.0)	20.3	25.2
Other Income - HRA	1B	19.1	0.0	19.1	0.0	(23.0)
Finance Charges - HRA		0.0	0.0	0.0	0.0	1,575.3
Service Total		55.2	241.8	(186.6)	22.8	0.0

		Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Orkney College	PA					
Business Support		94.1	93.2	0.9	100.9	334.5
Further and Higher Education	1B	(552.4)	89.3	(641.7)	N/A	(612.1)
Agronomy Institute		39.2	36.5	2.7	107.5	0.8
Archaeology Institute	1B	196.0	288.1	(92.1)	68.0	245.9
Institute for Northern Studies	1B	12.7	52.4	(39.7)	24.1	30.9
Service Total		(210.4)	559.5	(769.9)	N/A	0.0

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R13AW	<p>Primary Schools</p> <p>Less than anticipated expenditure by £68.3K</p> <p>Pupil Equity Fund still to be spent in some schools. Vacancies/unfilled posts in some schools.</p>	<p>Monitor the situation</p> <p>Work with the relevant managers with respect to Pupil Equity Fund and recruitment.</p>	Peter Diamond	30/11/2021	New
R14A	<p>Early Learning & Childcare</p> <p>Less than anticipated expenditure by £92.0K</p> <p>Some seasonal variation (discrepancy with profile) and unfilled vacant posts.</p>	<p>Monitor the situation</p> <p>Monitor with the relevant managers.</p>	Peter Diamond	30/11/2021	Ongoing
R15B	<p>Assistance for Students</p> <p>More than anticipated expenditure by £16.5K</p> <p>An anticipated increase in grant award from the Scottish Government for school clothing allowance requires to be profiled.</p>	<p>Raise virements request</p> <p>Request virement for grant income and expenditure.</p>	Frances Troup	30/11/2021	Ongoing

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R15C	<p>Community Learning & Development</p> <p>More than anticipated expenditure by £27.3K</p> <p>This is due to a combination of lower income being received for evening classes (£33.5k) and an expenditure variance of property costs for the Learning Link being in excess of budget, offset by lower than budgeted staff costs.</p>	<p>Monitor the situation</p> <p>Monitor.</p>	Frances Troup	31/10/2021	Ongoing

Leisure & Cultural Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17F	<p>Tourism - Hostels</p> <p>More than anticipated income by £14.7K</p> <p>A change in working practices due to COVID-19, means that bookings are now made in advance, therefore profiling needs to be realigned to reflect this.</p>	<p>Raise virements request</p> <p>Process virement to realign income, as more online bookings being received in advance.</p>	Frances Troup	31/10/2021	Ongoing
R17K	<p>Swimming Pools</p> <p>Less than anticipated income by £29.7K</p> <p>COVID-19 restrictions have led to reduced income and this, coupled with an issue with an invoice credit, has resulted in this position.</p>	<p>Monitor the situation</p> <p>Invoices are in the process of being raised.</p>	Frances Troup	30/09/2021	Ongoing
R17P	<p>Community Facilities</p> <p>Less than anticipated income by £43.5K</p> <p>Kirkwall Community Centre sales income has been reduced due to COVID-19 restrictions. Income budgets were increased by 3% for 2021/22, as agreed by Council, adding to the overspend position.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Frances Troup	30/09/2021	Ongoing

Leisure & Cultural Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17S	<p>Heritage Development</p> <p>Less than anticipated expenditure by £18.9K</p> <p>This has been caused by a combination of factors including some Culture Fund grants to be paid out and a restructured vacant post to be filled.</p>	<p>No action required</p> <p>Monitor situation</p>	Frances Troup	30/11/2021	New
R17T	<p>Museums</p> <p>Less than anticipated income by £35.7K</p> <p>Income has been lower than expected due to COVID-19 restrictions. In addition, there is a profiling issue.</p>	<p>Monitor the situation</p> <p>Reprofile museum stores budget and monitor the situation.</p>	Frances Troup	31/10/2021	Ongoing

Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30F	<p>Garages</p> <p>Less than anticipated income by £16.8K</p> <p>Income remains lower than anticipated. Recovery was suspended for a period of time due to COVID-19 restrictions which resulted in carry forward of arrears from 2020/21. Recovery and issue of invoices has recommenced but currently income remains lower than anticipated.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Frances Troup	31/10/2021	Ongoing
R30G	<p>Miscellaneous - OH</p> <p>Less than anticipated expenditure by £13.0K</p> <p>The underspend has arisen due to a combination of factors including a staff vacancy for a period of time and delays on progressing the Rapid Rehousing Transition Plan due to COVID-19.</p>	<p>Monitor the situation</p> <p>The vacancy has now been filled and the Rapid Rehousing Transition Plan is being progressed accordingly.</p>	Frances Troup	30/11/2021	New

Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30H	<p>Housing Benefits</p> <p>More than anticipated expenditure by £52.6K</p> <p>This cost centre varies between underspend and overspend each month but will normally be within budget at year end. The reason for variances is due to the interaction between the monthly instalments of government grant funding which are used to make transfer payments on four weekly and fortnightly cycles. So, depending on how many sets of payments are issued in a given month, the total spend will be more or less than the subsidy received during that month.</p>	<p>Monitor the situation</p> <p>Monitor. Revised expenditure estimate due for submission in the autumn and monthly subsidy payments will be adjusted on the basis of that submission.</p>	Colin Kemp	31/03/2022	Ongoing
R30N	<p>Student Accommodation</p> <p>Less than anticipated income by £10.7K</p> <p>Income lower than anticipated due to properties being unoccupied for an extended period of time due to COVID-19 restrictions.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Frances Troup	30/11/2021	New

Housing Revenue Account

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R61E	<p>Rent Income</p> <p>More than anticipated income by £174.6K</p> <p>Rent income in this period is now ahead of the budget profile.</p>	<p>Monitor the situation</p> <p>Action plan to tackle rent arrears now in place and recruitment to additional post now complete.</p> <p>Continue to monitor.</p>	Colin Kemp	31/10/2021	Ongoing
R61I	<p>Other Income - HRA</p> <p>Less than anticipated income by £19.1K</p> <p>Some income from feed in tariff has now been received, but less than anticipated.</p>	<p>Monitor the situation</p> <p>Monitor the situation.</p>	Frances Troup	30/11/2021	Ongoing

Orkney College

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R67B	<p>Further and Higher Education</p> <p>Less than anticipated expenditure by £641.7K</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>Monitor the situation</p> <p>Monitor the situation with a view to minimising future clawback. Review profiles within the current academic year.</p>	Peter Diamond	30/09/2021	Ongoing
R67F	<p>Archaeology Institute</p> <p>Less than anticipated expenditure by £92.1K</p> <p>Less than anticipated expenditure and more than anticipated income.</p>	<p>Monitor the situation</p> <p>Continue to monitor closely.</p>	Peter Diamond	30/09/2021	Ongoing
R67G	<p>Institute for Northern Studies</p> <p>Less than anticipated expenditure by £39.7K</p> <p>Less than anticipated expenditure and more than anticipated income.</p>	<p>Monitor the situation</p> <p>Continue to monitor closely.</p>	Peter Diamond	30/09/2021	Ongoing