ORKNEY
ISLANDS COUNCIL

Item: 13

Education, Communities and Housing Committee: 11 November 2026.

Revenue Expenditure Monitoring.

Report by Head of Finance.

---

1. Overview

1.1. This report presents the revenue financial summary position of expenditure incurred, as at 30 September 2026, in respect of service areas for which the Education, Communities and Housing Committee is responsible.

1.2. On 10 March 2026, the Council set its overall revenue budget for financial year 2026/27. On 16 June 2026, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2026/27, which form the basis of the individual revenue expenditure monitoring reports.

1.3. 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.

1.4. 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.

1.5. 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).

1.6. 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.

1.7. The details have been provided following consultation with the relevant Directors and their staff.

1.8. 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, Communities and Housing Committee is responsible, for the period 1 April to 30 September 2026, attached as Annex 1 to this report, indicating a net budget overspend position of £1,248,600, comprising the following:

- Overspend of £398,800 against General Fund services.
- Overspend of £849,800 against Non-General Fund services.

ii. Note the revenue financial service area statement in respect of service areas for which the Education, Communities and Housing Committee is responsible, for the period 1 April to 30 September 2026, attached as Annex 2 to this report.

iii. Note 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.

For Further Information please contact:
Pat Robinson, Service Manager (Accounting), extension 2621, Email: pat.robinson@orkney.gov.uk.

Implications of Report

1. **Financial** The Financial Regulations state that 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 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** An Equality Impact Assessment is not required for financial monitoring.
6. **Island Communities Impact** An 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.
   ☐Improving Population Health.
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, 3 March 2026, Budget and Council Tax Level for 2026/27.
Policy and Resources Committee, 16 June 2026, Detailed Revenue Budgets.

Annexes

Annex 1: Financial Summary.
Annex 2: Financial Detail by Service Area.
Annex 3: Budget Action Plan.

Annex 1: Financial Summary **September 2026**

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	24,911.7	24,899.9	11.8	100.0	53,095.6
Leisure Services	2,441.1	2,148.8	292.3	113.6	4,339.7
Other Housing	648.0	553.3	94.7	117.1	2,251.9
	28,000.8	**27,602.0**	**398.8**	**101.4**	**59,687.2**

Non-General Fund

Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Housing Revenue Account	273.5	237.0	36.5	115.4	(1,070.0)
UHI Orkney	50.6	(762.7)	813.3	N/A	0.0
	324.1	**(525.7)**	**849.8**	**N/A**	**(1,070.0)**
Service Totals	**28,324.9**	**27,076.3**	**1,248.6**	**104.6**	**58,617.2**

Compared to last month, the total number of PAs has changed as follows:

Service Area	No. of PAs P05	No. of PAs P06	Service Functions	PAs/ Function
Education	8	5	14	36%
Leisure Services	3	6	12	50%
Other Housing	3	4	11	36%
Housing Revenue Account	2	1	7	14%
UHI Orkney	1	1	2	50%
Totals	17	17	46	37%

Annex 2: Financial Detail by Service Area **September 2026**

The following tables show the spending position by service function

General Fund

Education	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Senior Secondary Schools		7,314.5	7,298.3	16.2	100.2	13,929.4
Junior Secondary Schools		1,994.1	1,980.1	14.0	100.7	3,817.0
Primary Schools	**1C**	7,399.2	7,124.7	274.5	103.9	13,738.5
Early Learning & Childcare	**1C**	2,485.3	2,573.6	(88.3)	96.6	5,565.9
Additional Support Needs		2,088.7	2,138.3	(49.6)	97.7	4,869.0
Papdale Halls of Residence		505.9	512.0	(6.1)	98.8	1,056.2
Quality Development	**1B**	(109.1)	(67.8)	(41.3)	160.9	5.9
Administration		578.9	588.1	(9.2)	98.4	2,240.0
Assistance for Students		46.8	41.4	5.4	113.0	241.5
Community Learning & Development	**1B**	324.2	364.6	(40.4)	88.9	734.3
School Meals	**1C**	971.4	1,023.9	(52.5)	94.9	2,314.1
School Transport		1,281.1	1,281.1	0.0	100.0	4,497.7
School Crossing Patrol		28.2	35.1	(6.9)	80.3	75.1
Parent Councils		2.5	6.5	(4.0)	38.5	11.0
Service Total		**24,911.7**	**24,899.9**	**11.8**	**100.0**	**53,095.6**

Leisure Services	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Administration - RC	**1B**	141.8	168.5	(26.7)	84.2	601.3
Parks and Play Areas		436.8	417.5	19.3	104.6	469.4
Healthy Living Centres		34.8	39.1	(4.3)	89.0	96.6
Tourism - Caravan Sites	**1B**	(86.6)	(24.2)	(62.4)	357.9	(11.7)
Tourism - Hostels	**1B**	(1.5)	(14.2)	12.7	10.6	3.7
Sports Development	**1B**	(14.7)	(2.1)	(12.6)	700.0	113.8
Sports Facilities	**1B**	891.1	586.1	305.0	152.0	1,067.2
Swimming Pools		225.4	221.1	4.3	101.9	379.0
Theatres		7.3	6.6	0.7	110.6	6.7
Active Schools		(33.6)	(29.4)	(4.2)	114.3	70.1
Community Facilities	**1B**	203.3	179.4	23.9	113.3	363.4
Libraries		637.0	600.4	36.6	106.1	1,180.2
Service Total		**2,441.1**	**2,148.8**	**292.3**	**113.6**	**4,339.7**

Other Housing	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Housing Support		37.3	41.2	(3.9)	90.5	88.2
Homelessness		774.8	772.7	2.1	100.3	1,163.9
Housing Loans		(19.9)	(15.4)	(4.5)	129.2	13.6
Energy Initiatives	**1B**	154.1	73.8	80.3	208.8	48.8
Garages		(45.9)	(39.1)	(6.8)	117.4	(120.0)
Miscellaneous - OH	**1B**	(331.8)	(376.7)	44.9	88.1	288.5
Housing Benefits	**1B**	6.1	48.7	(42.6)	12.5	214.3
Landlord Registration		(34.2)	(39.1)	4.9	87.5	(30.0)
Care & Repair		5.8	5.7	0.1	101.8	410.9
Sheltered Housing		104.7	96.0	8.7	109.1	201.6
Student Accommodation	**1B**	(3.0)	(14.5)	11.5	20.7	(27.9)
Service Total		**648.0**	**553.3**	**94.7**	**117.1**	**2,251.9**

Non-General Fund

Housing Revenue Account	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Administration - HRA		329.5	334.5	(5.0)	98.5	1,269.6
Property Costs - HRA	**1C**	2,184.6	2,100.0	84.6	104.0	2,196.8
Rent Income		(2,245.2)	(2,198.1)	(47.1)	102.1	(5,011.4)
Tenant Participation		14.0	14.2	(0.2)	98.6	31.5
Other Income - HRA		4.2	0.0	4.2	0.0	(73.0)
Movement in Reserves		0.0	0.0	0.0	0.0	(242.0)
Finance Charges - HRA		(13.6)	(13.6)	0.0	100.0	758.5
Service Total		**273.5**	**237.0**	**36.5**	**115.4**	**(1,070.0)**

UHI Orkney	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Business Support		603.7	623.4	(19.7)	96.8	1,753.4
Further and Higher Education	**1B**	(553.1)	(1,386.1)	833.0	39.9	(1,753.4)
Service Total		**50.6**	**(762.7)**	**813.3**	**N/A**	**0.0**

Annex 3: Budget Action Plan **September 2026**

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R13AW	**Primary Schools** More than anticipated expenditure by £274.5K The overspend across Primary Schools is mainly attributable to overspends within property costs. This is partly due to profiling being out of line with recharges, but also partly due to insufficient budget within the property costs area.	**Management input required** A project is underway between the Head of Education and Finance to review the budgets across Primary Schools to correctly realign budgets with expenditure. This is expected to be completed by the end of the financial year.	Wendy Bowen	31/03/2027	Ongoing
R14A	**Early Learning & Childcare** Less than anticipated expenditure by £88.3K Underspends across several of the nursery budget lines. This is linked to staff costs, in some cases linked to having more budget for staff than is required for the number of children in that particular setting.	**Monitor the situation** Some budget movement will be required.	Wendy Bowen	31/01/2027	Ongoing
R14N	**Quality Development** More than anticipated income by £41.3K Grant funding has been received, but this income has not yet been profiled in one cost centre.	**Raise virements request** A virement will be processed to reflect the income received.	Wendy Bowen	31/01/2027	Ongoing

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R15C	**Community Learning & Development** Less than anticipated expenditure by £40.4K There is a staff cost underspend due to vacancies within the Community Education budget.	**Monitor the situation** Recruitment is underway, and the situation will continue to be monitored.	Garry Burton	31/12/2026	New
R15DE	**School Meals** Less than anticipated expenditure by £52.5K A combination of a profiling issue on supplies and services, some improvement works to be undertaken in one kitchen, the costs of which will impact in the autumn, slightly higher income in one school and school holidays resulting in slightly lower staff costs has led to this position.	**Raise virements request** Profiling issue will be addressed, and improvement works will progress as planned.	Frances Troup	30/11/2026	New

Leisure Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17A	**Administration - RC** Less than anticipated expenditure by £26.7K The variance under Administration relate to an underspend in staff costs. This underspend is only temporary with the post causing the underspend no longer vacant.	**Monitor the situation** Staff costs underspends will continue to be monitored.	Garry Burton	31/01/2027	Ongoing
R17E	**Tourism - Caravan Sites** More than anticipated income by £62.4K More than anticipated income as a result of more bookings than was budgeted for.	**Monitor the situation** This will continue to be monitored, with budget being moved if required elsewhere in the service.	Garry Burton	31/03/2027	Ongoing
R17F	**Tourism - Hostels** Less than anticipated income by £12.7K The variances relate to more than expected electricity recharges within property costs across several of the hostel cost centres.	**Raise virements request** An understanding of the additional charges against planned budget will be taken, with a virement processed to move additional budget into property costs should that be necessary.	Garry Burton	31/10/2026	New

Leisure Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17G	**Sports Development** Less than anticipated expenditure by £12.6K There is an underspend in staff costs within Sports Development due to vacancies relating to an acting up arrangement in place.	**Monitor the situation** The situation will continue to be monitored, with no action required at present.	Garry Burton	31/12/2026	New
R17J	**Sports Facilities** More than anticipated expenditure by £305.0K The variance relates to costs for repairs to the Swimming Pool at the Pickaquoy Centre, with the repairs being facilitated through the Council.	**Raise virements request** It is expected that insurance will cover the majority of these costs, and once this figure is agreed, a virement will be processed to show the income against the spend, removing this variance.	Garry Burton	31/12/2026	New
R17P	**Community Facilities** More than anticipated expenditure by £23.9K The overspend relates to a contribution to the Repairs and Maintenance budget for a building that was sold in the previous financial year.	**Management input required** Discussed with Finance, and the charge is to be reversed from this budget.	Garry Burton	31/12/2026	Ongoing

Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30E	**Energy Initiatives** More than anticipated expenditure by £80.3K A budget profile has not been set.	**Raise virements request** A virement request has been raised so that the budget profile can be set for 2026/27.	Frances Troup	31/10/2026	Ongoing
R30G	**Miscellaneous - OH** Less than anticipated income by £44.9K Variance relates to a one-off grant payment paid from the Island and Rural Housing Fund. Budget needs to be set up.	**Raise virements request** A virement will be processed to create the budget.	Frances Troup	30/11/2026	Ongoing
R30H	**Housing Benefits** Less than anticipated expenditure by £42.6K Housing benefit costs centre returned an underspend in 2025/26 which is repayable. Returns have been submitted, however the timing for the repayment requires reprofiling to correct budget position.	**Monitor the situation** Review budget and profiles for accuracy and make adjustments if necessary.	Erik Knight	31/10/2026	Ongoing

Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30N	**Student Accommodation** Less than anticipated income by £11.5K Lower than anticipated income from accommodation. There were vacancies within existing student accommodation which attribute to the lower income at the end of the student year. The two new properties added to this stock were not available until August 2026 and start-up costs such as the provision of equipment/furniture by the procured service provider have affected the income.	**Monitor the situation** No action necessary meantime.	Frances Troup	30/11/2026	New

Housing Revenue Account

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R61B	**Property Costs - HRA** More than anticipated expenditure by £84.6K The annual contribution of £2.06m for repairs and maintenance and £24.8k for grounds maintenance has impacted on budget in first quarter of financial year, causing a variance. While budget is not overspent, a significant proportion of the annual budget has been absorbed.	**Raise virements request** Budget to be re-profiled to address variance, and budget monitored to assess any potential overspend for 2026/27.	Frances Troup	31/10/2026	Ongoing

UHI Orkney

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R67B	**Further and Higher Education** Less than anticipated income by £833.0K £994.5k of the variance represents the maximum loan fund advance required to set a balanced budget for 2026/27.	**Monitor the situation** A Member Officer Working Group Task Force was established in 2025/26 with the remit to work across the Council; identify savings and income; and develop plans to reduce the loan required. This work is ongoing.	Wendy Bowen	31/01/2027	Ongoing