



ORKNEY
ISLANDS COUNCIL

Item: 14

Education, Leisure and Housing Committee: 10 September 2025.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Overview

- 1.1. On 4 March 2025, the Council set its overall revenue budget for financial year 2025/26. On 17 June 2025, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2025/26, 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 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 Committee is responsible, for the period 1 April to 30 June 2025, attached as Annex 1 to this report, indicating a net budget overspend position of £160,500, comprising the following:
 - Underspend of £719,700 against General Fund services.
 - Overspend of £880,200 against Non-General Fund services.
- 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 2025, 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:

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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** 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, 25 February 2025, Budget and Council Tax Level for 2025/26.

Policy and Resources Committee, 17 June 2025, Detailed Revenue Budgets.

Annexes

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary**June 2025**

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

General Fund					Annual
Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Budget £000
Education	11,940.0	12,428.6	(488.6)	96.1	50,230.6
Leisure & Cultural Services	1,925.6	2,022.0	(96.4)	95.2	5,245.3
Other Housing	482.2	616.9	(134.7)	78.2	2,215.2
	14,347.8	15,067.5	(719.7)	95.2	57,691.1
Non-General Fund					Annual
Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Budget £000
Housing Revenue Account	1,326.3	1,666.2	(339.9)	79.6	(920.0)
UHI Orkney	283.1	(937.0)	1,220.1	N/A	0.0
	1,609.4	729.2	880.2	220.7	(920.0)
Service Totals	15,957.2	15,796.7	160.5	101.0	56,771.1

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	5	5	14	36%
Leisure & Cultural Services	2	3	16	19%
Other Housing	1	2	12	17%
Housing Revenue Account	1	1	7	14%
UHI Orkney	5	2	2	100%
Totals	14	13	51	25%

Annex 2: Financial Detail by Service Area

June 2025

The following tables show the spending position by service function

General Fund

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
Education						£000
Senior Secondary Schools	1C	3,860.2	4,042.3	(182.1)	95.5	13,403.4
Junior Secondary Schools		1,088.4	1,106.3	(17.9)	98.4	3,644.3
Primary Schools	1C	3,907.8	3,811.9	95.9	102.5	13,066.5
Early Learning & Childcare		1,067.6	1,080.6	(13.0)	98.8	5,234.7
Additional Support Needs	1B	696.6	914.5	(217.9)	76.2	3,963.1
Papdale Halls of Residence		214.2	224.3	(10.1)	95.5	1,022.7
Quality Development		14.2	19.1	(4.9)	74.3	75.9
Administration		203.9	220.7	(16.8)	92.4	2,169.6
Assistance for Students	1B	17.3	29.3	(12.0)	59.0	235.5
Community Learning & Development		55.3	57.4	(2.1)	96.3	706.4
School Meals	1B	392.7	489.4	(96.7)	80.2	2,215.6
School Transport		408.6	410.8	(2.2)	99.5	4,409.4
School Crossing Patrol		10.8	15.8	(5.0)	68.4	72.7
Parent Councils		2.4	6.2	(3.8)	38.7	10.8
Service Total		11,940.0	12,428.6	(488.6)	96.1	50,230.6

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
Leisure & Cultural Services						£000
Administration - RC		245.7	251.1	(5.4)	97.8	633.4
Parks and Play Areas		403.4	392.6	10.8	102.8	458.8
Healthy Living Centres		14.2	15.6	(1.4)	91.0	90.2
Tourism - Caravan Sites	1B	(58.5)	(37.3)	(21.2)	156.8	(12.2)
Tourism - Hostels	1B	(31.3)	(7.8)	(23.5)	401.3	4.4
Sports Development		(1.7)	6.2	(7.9)	N/A	109.1
Sports Facilities		337.3	346.7	(9.4)	97.3	1,080.6
Swimming Pools		162.6	161.0	1.6	101.0	364.0
Theatres		7.7	5.9	1.8	130.5	6.7
Active Schools		(205.3)	(201.7)	(3.6)	101.8	61.6
Community Facilities		177.6	178.7	(1.1)	99.4	407.7
Heritage Development		202.6	201.3	1.3	100.6	365.4
Museums		147.4	137.2	10.2	107.4	422.0
St Magnus Cathedral	1B	152.8	173.5	(20.7)	88.1	301.4
Libraries		371.1	399.0	(27.9)	93.0	1,133.7
Movement in Reserves		0.0	0.0	0.0	0.0	(181.5)
Service Total		1,925.6	2,022.0	(96.4)	95.2	5,245.3

		Spend	Budget	Over/(Under)	Spend	Annual
		£000	£000	£000	%	Budget
Other Housing	PA					£000
Housing Support		16.2	18.1	(1.9)	89.5	83.2
Homelessness	1B	473.7	542.6	(68.9)	87.3	1,149.4
Housing Loans		(6.3)	(1.3)	(5.0)	484.6	12.9
Energy Initiatives		270.3	270.5	(0.2)	99.9	46.7
Garages		(7.2)	(3.8)	(3.4)	189.5	(115.2)
Miscellaneous - OH		(344.5)	(343.3)	(1.2)	100.3	326.0
Housing Benefits	1B	(44.1)	6.9	(51.0)	N/A	224.3
Landlord Registration		(20.6)	(22.7)	2.1	90.7	(29.0)
Care & Repair		110.8	112.8	(2.0)	98.2	402.9
Sheltered Housing		38.2	44.3	(6.1)	86.2	190.7
Student Accommodation		(4.3)	(7.2)	2.9	59.7	(26.7)
Movement in Reserves		0.0	0.0	0.0	0.0	(50.0)
Service Total		482.2	616.9	(134.7)	78.2	2,215.2

Non-General Fund

		Spend	Budget	Over/(Under)	Spend	Annual
		£000	£000	£000	%	Budget
Housing Revenue Account	PA					£000
Administration - HRA		193.3	196.4	(3.1)	98.4	1,293.4
Property Costs - HRA		2,100.7	2,078.8	21.9	101.1	2,167.5
Rent Income	1B	(971.9)	(615.1)	(356.8)	158.0	(4,781.0)
Tenant Participation		7.7	6.1	1.6	126.2	30.1
Other Income - HRA		(3.5)	0.0	(3.5)	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	635.0
Service Total		1,326.3	1,666.2	(339.9)	79.6	(920.0)

		Spend	Budget	Over/(Under)	Spend	Annual
		£000	£000	£000	%	Budget
UHI Orkney	PA					£000
Business Support	1B	181.0	213.6	(32.6)	84.7	979.1
Further and Higher Education	1B	102.1	(1,150.6)	1,252.7	N/A	(979.1)
Service Total		283.1	(937.0)	1,220.1	N/A	0.0

Annex 3: Budget Action Plan

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R11AC	Senior Secondary Schools Less than anticipated expenditure by £182.1K Underspend is mainly due to insurance costs and utilities bills still to be charged. Income of £64k has been received for the Renewable Heat Incentive (solar panels). Less staff costs due to vacant posts.	Monitor the situation Insurance has been charged in July. Monitor the charges for utilities.	Peter Diamond	31/08/2025	Ongoing
R13AW	Primary Schools More than anticipated expenditure by £95.9K Sickness cover costs across a number of schools, increased rates costs for 2 schools and rent income still to be received are all contributing to this overspend.	Monitor the situation Rent income invoices have been processed in July.	Peter Diamond	31/08/2025	Ongoing

Annex 3: Budget Action Plan

Education

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R14FI	Additional Support Needs Less than anticipated expenditure by £217.9K Less expenditure on Out of Orkney Placements than anticipated. However, there are invoices still to be received, and a new placement is due to commence soon. Speech and Language Service Level Agreement costs are still to be charged. Staff vacancies have been re-advertised.	Monitor the situation Chase outstanding invoices and actively review profile to avoid the appearance of an underspend where budget is committed. Monitor staff vacancies.	Peter Diamond	31/08/2025	Ongoing
R15B	Assistance for Students Less than anticipated expenditure by £12.0K Less expenditure on Clothing Grants than anticipated. However, the majority will be processed in July, ready for the start of the new academic session.	Raise virements request Monitor the situation and review profile. The underspend will disappear in July, as there are £11.7k of clothing grants due to be paid out.	Peter Diamond	31/07/2025	New
R15DE	School Meals Less than anticipated expenditure by £96.7K There has been less expenditure on supplies and services across a number of schools and some invoices have yet to be received. A staff vacancy has been unable to be filled. Insurance costs still to be charged.	Monitor the situation During July an outstanding invoice for £7k has been paid and insurance costs have been charged . Other outstanding invoices will be chased during July so they can be paid accordingly. Attempts will continue to be made to fill the staff vacancy.	Frances Troup	31/08/2025	Ongoing

Annex 3: Budget Action Plan

Leisure & Cultural Services

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R17E	Tourism - Caravan Sites More than anticipated income by £21.2K Income is currently higher than anticipated. Bookings are made in advance.	Monitor the situation Monitor the situation.	Frances Troup	30/09/2025	Ongoing
R17F	Tourism - Hostels More than anticipated income by £23.5K Income is higher than anticipated. Bookings are made in advance.	Monitor the situation Monitor the situation.	Frances Troup	30/09/2025	Ongoing
R17U	St Magnus Cathedral Less than anticipated expenditure by £20.7K Level of income and donations is higher than anticipated.	Monitor the situation Monitor the situation.	Frances Troup	31/08/2025	New

Annex 3: Budget Action Plan

Other Housing

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R30B	Homelessness Less than anticipated expenditure by £68.9K Properties used to accommodate homeless households are generally full. Therefore a higher rental income has been obtained creating an underspend position.	Monitor the situation Monitor the situation.	Frances Troup	30/09/2025	New
R30H	Housing Benefits Less than anticipated expenditure by £51.0K Some budget realignment required after year end entries. Discretionary Housing payments low in year to date.	Raise virements requests Process virements where necessary.	Erik Knight	31/07/2025	Ongoing

Annex 3: Budget Action Plan

Housing Revenue Account

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R61E	Rent Income More than anticipated income by £356.8K. Receipts are comparable with earlier years, profiles require updated.	Raise virements requests Raise virements where necessary.	Erik Knight	31/07/2025	Ongoing

Annex 3: Budget Action Plan

UHI Orkney

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R67A	Business Support Less than anticipated expenditure by £32.6K Staff slightly behind profile due to pay awards pending. Income slightly ahead due to e.g. café sales and lettings being higher than predicted at this point in the year.	Monitor the situation Monitor the situation.	Peter Diamond	31/07/2025	Ongoing
R67B	Further and Higher Education Less than anticipated income by £1,252.7K £1,266k represents the maximum agreed annual loan fund advance required to set a balanced budget for 2025/26.	Report being submitted to committee An Officer Task Force is being established with the remit of working across the Council to identify savings and income; and to develop a plan to reduce the loan required. Management input required.	Peter Diamond	30/11/2025	Ongoing