



Item: 3

Education, Leisure and Housing Committee: 11 September 2024.

Revenue Expenditure Outturn.

Report by Head of Finance.

1. Overview

- 1.1. On 7 March 2023, the Council set its overall revenue budget for financial year 2023/24. On 20 June 2023, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2023/24, 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 Corporate Directors and their staff.

2. Recommendations

2.1. It is recommended that members of the Committee:

- i. Note the revenue expenditure outturn statement in respect of service areas for which the Education, Leisure and Housing Committee is responsible, for financial year 2023/24, attached as Annex 1 to this report, indicating a budget overspend position of £1,019,900.
- 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 financial year 2023/24, attached as Annex 2 to this report.
- iii. Scrutinise 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 appropriate action was taken with regard to significant budget variances.

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.

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.

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 Equality Impact Assessment is not required for financial monitoring.

- 6. Island Communities Impact** 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.
- 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, 23 February 2023, Budget and Council Tax Level for 2023/24.

Policy and Resources Committee, 20 June 2023, Detailed Revenue Budgets

Annexes

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

Annex 1: Financial Summary**March 2024**

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 | 43,856.3 | 43,334.8 | 521.5 | 101.2 | 43,334.8 |
| Leisure & Cultural Services | 5,464.1 | 5,124.5 | 339.6 | 106.6 | 5,124.5 |
| Other Housing | 2,364.0 | 2,320.6 | 43.4 | 101.9 | 2,320.6 |
| | 51,684.4 | 50,779.9 | 904.5 | 101.8 | 50,779.9 |
| Non-General Fund | | | | | |
| Service Area | Spend £000 | Budget £000 | Over/(Under) £000 | Spend % | Annual Budget £000 |
| Housing Revenue Account | (300.3) | 0.0 | (300.3) | N/A | 0.0 |
| Orkney College | 415.7 | 0.0 | 415.7 | 0.0 | 0.0 |
| | 115.4 | 0.0 | 115.4 | N/A | 0.0 |
| Service Totals | 51,799.8 | 50,779.9 | 1,019.9 | 102.6 | 50,779.9 |

Annex 2: Financial Detail by Service Area

March 2024

The following tables show the spending position by service function

General Fund

| | PA | Spend £000 | Budget £000 | Over/(Under) £000 | Spend % | Annual Budget £000 |
|-------------------------------------|----|-----------------|-----------------|----------------------|--------------|--------------------------|
| Education | | | | | | |
| Senior Secondary Schools | 1C | 12,541.0 | 12,346.5 | 194.5 | 101.6 | 12,346.5 |
| Junior Secondary Schools | 1C | 3,508.1 | 3,302.8 | 205.3 | 106.2 | 3,302.8 |
| Primary Schools | 1C | 12,575.3 | 12,210.1 | 365.2 | 103.0 | 12,210.1 |
| Early Learning & Childcare | 1C | 4,467.1 | 4,750.3 | (283.2) | 94.0 | 4,750.3 |
| Additional Support Needs | 1C | 3,916.3 | 3,641.7 | 274.6 | 107.5 | 3,641.7 |
| Papdale Halls of Residence | | 1,016.4 | 982.2 | 34.2 | 103.5 | 982.2 |
| Quality Development | 1B | 84.0 | 11.8 | 72.2 | 711.9 | 11.8 |
| Administration | 1B | (392.3) | (259.1) | (133.2) | 151.4 | (259.1) |
| Assistance for Students | | 224.5 | 215.1 | 9.4 | 104.4 | 215.1 |
| Community Learning & Development | 1C | 602.3 | 660.4 | (58.1) | 91.2 | 660.4 |
| School Meals | | 1,810.3 | 1,809.6 | 0.7 | 100.0 | 1,809.6 |
| School Transport | 1C | 3,889.3 | 4,041.6 | (152.3) | 96.2 | 4,041.6 |
| School Crossing Patrol | | 59.5 | 66.3 | (6.8) | 89.7 | 66.3 |
| Movement in Reserves | 1B | (6,268.5) | (454.8) | (5,813.7) | 1,378.3 | (454.8) |
| Finance & Capital Charges | 1B | 5,813.8 | 0.0 | 5,813.8 | 0.0 | 0.0 |
| Parent Councils | | 9.2 | 10.3 | (1.1) | 89.3 | 10.3 |
| Service Total | | 43,856.3 | 43,334.8 | 521.5 | 101.2 | 43,334.8 |

Changes in original budget position:

| | |
|--|-----------------|
| Original Net Budget | 41,995.5 |
| SNCT Teachers Pay - Secondary Schools | 204.4 |
| SNCT Teachers Pay - Junior High Schools | 53.8 |
| SNCT Teachers Pay - Primary Schools | 190.9 |
| SNCT Teachers Pay - ELC | 6.0 |
| Dounby School Art Project | 4.0 |
| Whole Family Wellbeing Fund | 132.0 |
| OIC Contribution CLN Schools Project | (2.0) |
| School Staff Training & Teacher Induction Scheme | 65.0 |
| Apportionment Realignment | 33.9 |
| Local Government Pay Award 23.24 | 362.5 |
| School Investment Programme Lifecycle 23.24 | 288.8 |
| | 43,334.8 |

| Leisure & Cultural Services | PA | Spend £000 | Budget £000 | Over/(Under) £000 | Spend % | Annual Budget £000 |
|--|-----------|-----------------------|------------------------|------------------------------|--------------------|-----------------------------------|
| Administration - RC | | 800.4 | 797.1 | 3.3 | 100.4 | 797.1 |
| Parks and Play Areas | 1B | 417.5 | 363.9 | 53.6 | 114.7 | 363.9 |
| Healthy Living Centres | 1B | 59.2 | 83.9 | (24.7) | 70.6 | 83.9 |
| Tourism - Caravan Sites | | (15.7) | (11.3) | (4.4) | 138.9 | (11.3) |
| Tourism - Hostels | | 13.3 | 5.8 | 7.5 | 229.3 | 5.8 |
| Sports Development | | 91.3 | 99.2 | (7.9) | 92.0 | 99.2 |
| Sports Facilities | | 1,200.3 | 1,167.6 | 32.7 | 102.8 | 1,167.6 |
| Swimming Pools | 1B | 353.9 | 294.0 | 59.9 | 120.4 | 294.0 |
| Theatres | | 13.6 | 7.2 | 6.4 | 188.9 | 7.2 |
| Active Schools | 1B | 77.7 | 93.7 | (16.0) | 82.9 | 93.7 |
| Community Facilities | 1B | 449.1 | 292.8 | 156.3 | 153.4 | 292.8 |
| Heritage Development | | 578.4 | 581.3 | (2.9) | 99.5 | 581.3 |
| Museums | 1B | 489.9 | 435.2 | 54.7 | 112.6 | 435.2 |
| St Magnus Cathedral | | 416.2 | 410.1 | 6.1 | 101.5 | 410.1 |
| Libraries | | 1,123.1 | 1,108.1 | 15.0 | 101.4 | 1,108.1 |
| Movement in Reserves | 1B | (2,296.4) | (604.1) | (1,692.3) | 380.1 | (604.1) |
| Finance & Capital Charges | 1B | 1,692.3 | 0.0 | 1,692.3 | 0.0 | 0.0 |
| Service Total | | 5,464.1 | 5,124.5 | 339.6 | 106.6 | 5,124.5 |

Changes in original budget position:

| | |
|---|-----------------------|
| Original Net Budget | 4,665.4 |
| Temporary Budget – Summer of Play | 17.0 |
| Dounby School Art Project | (4.0) |
| OIC Contribution CLN Schools Project | 2.0 |
| Employability Staffing | 119.0 |
| Apportionment Realignment | 146.4 |
| Local Government Pay Award 23.24 | 79.3 |
| School Investment Programme Lifecycle 23.24 | 99.4 |
| | <u>5,124.5</u> |

| | | Spend | Budget | Over/(Under) | Spend | Annual |
|---------------------------|-----------|----------------|----------------|---------------------|--------------|----------------|
| | PA | £000 | £000 | £000 | % | Budget |
| | | | | | | £000 |
| Other Housing | | | | | | |
| Housing Support | | 63.1 | 72.6 | (9.5) | 86.9 | 72.6 |
| Homelessness | 1B | 933.7 | 1,137.8 | (204.1) | 82.1 | 1,137.8 |
| Housing Loans | | 4.5 | 12.8 | (8.3) | 35.2 | 12.8 |
| Energy Initiatives | 1B | 28.3 | 43.3 | (15.0) | 65.4 | 43.3 |
| Garages | 1B | (108.6) | (95.8) | (12.8) | 113.4 | (95.8) |
| Miscellaneous - OH | 1B | 552.9 | 485.1 | 67.8 | 114.0 | 485.1 |
| Housing Benefits | 1B | 421.5 | 241.2 | 180.3 | 174.8 | 241.2 |
| Landlord Registration | | (19.9) | (24.5) | 4.6 | 81.2 | (24.5) |
| Care & Repair | | 336.2 | 312.6 | 23.6 | 107.5 | 312.6 |
| Sheltered Housing | | 192.0 | 182.8 | 9.2 | 105.0 | 182.8 |
| Student Accommodation | | (14.5) | (22.1) | 7.6 | 65.6 | (22.1) |
| Movement in Reserves | 1B | (156.3) | (25.2) | (131.1) | 620.2 | (25.2) |
| Finance & Capital Charges | 1B | 131.1 | 0.0 | 131.1 | 0.0 | 0.0 |
| Service Total | | 2,364.0 | 2,320.6 | 43.4 | 101.9 | 2,320.6 |

Changes in original budget position:

| | |
|--|-----------------------|
| Original Net Budget | 2,266.6 |
| Redetermination - Rapid Rehouse Transition Plans | <u>54.0</u> |
| | <u>2,320.6</u> |

Non-General Fund

| | PA | Spend £000 | Budget £000 | Over/(Under) £000 | Spend % | Annual Budget £000 |
|--------------------------------|----|----------------|----------------|----------------------|------------|--------------------------|
| Housing Revenue Account | | | | | | |
| Administration - HRA | 1B | 966.0 | 857.8 | 108.2 | 112.6 | 857.8 |
| Property Costs - HRA | 1B | 2,193.8 | 1,760.8 | 433.0 | 124.6 | 1,760.8 |
| Rent Income | 1C | (4,467.4) | (4,341.2) | (126.2) | 102.9 | (4,341.2) |
| Tenant Participation | 1B | 18.1 | 43.8 | (25.7) | 41.3 | 43.8 |
| Other Income - HRA | 1B | (82.6) | (23.0) | (59.6) | 359.1 | (23.0) |
| Accounting for Pensions | | (39.2) | (39.2) | 0.0 | 100.0 | (39.2) |
| Movement in Reserves | 1B | 206.7 | 22.6 | 184.1 | 914.2 | 22.6 |
| Finance Charges - HRA | 1B | 904.3 | 1,718.4 | (814.1) | 52.6 | 1,718.4 |
| Service Total | | (300.3) | 0.0 | (300.3) | 0.0 | 0.0 |

| | PA | Spend £000 | Budget £000 | Over/(Under) £000 | Spend % | Annual Budget £000 |
|--------------------------------|----|---------------|----------------|----------------------|------------|--------------------------|
| UHI Orkney | | | | | | |
| Business Support | 1B | 735.1 | 569.4 | 165.7 | 129.1 | 569.4 |
| Further and Higher Education | 1B | (575.4) | (702.9) | 127.5 | 81.9 | (702.9) |
| Agronomy Institute | 1B | (42.8) | (5.1) | (37.7) | 839.2 | (5.1) |
| Archaeology Institute | 1B | 231.6 | 152.0 | 79.6 | 152.4 | 152.0 |
| Institute for Northern Studies | 1B | 31.7 | (18.1) | 49.8 | N/A | (18.1) |
| Accounting for Pensions | | (208.3) | (208.3) | 0.0 | 100.0 | (208.3) |
| Movement in Reserves | 1B | (207.5) | 213.0 | (420.5) | N/A | 213.0 |
| Finance Charges | 1B | 451.3 | 0.0 | 451.3 | 0.0 | 0.0 |
| Service Total | | 415.7 | 0.0 | 415.7 | 0.0 | 0.0 |

Annex 3: Budget Action Plan

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|-------------------------|--|----------------------------|--|---|
| R11AC | <p>Senior Secondary Schools</p> <p>More than anticipated expenditure by £194.5K</p> | Peter Diamond | <p>There has been a budget overspend of £204k with respect to property costs. With property cost overspend removed, overall spend sits at 99.92%</p> <p>There were also some staffing (both devolved and retained) budget overspends, however these were balanced by staffing underspends.</p> | <p>While the budget has been increased for 2024/25, the principal area of concern is Property Costs, which are higher than expected and likely to be recurring. (Property Costs include rates, water rates, energy, property insurance, refuse collection, cleaning costs, cleaning supplies, sanitary/nappy bin emptying, minor repairs and maintenance; this represents a challenge to manage/reduce as these aspects are generally immutable).</p> |
| R12AF | <p>Junior Secondary Schools</p> <p>More than anticipated expenditure by £205.3K</p> | Peter Diamond | <p>There has been a budget overspend of £130k with respect to property costs. With property cost overspend removed, overall spend sits at 102.28%.</p> <p>There were also staffing (both devolved and retained) budget overspends of £89k, principally resulting from the long-term absence of key teaching staff.</p> | <p>As above, property costs are a concern as they are largely immutable.</p> <p>The staffing costs leading to the overspend in 2023/24 are not anticipated to be recurring beyond August 2024 and will therefore have a more limited impact on the 2024/25 budget.</p> |

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|-------------------------|--|----------------------------|---|--|
| R13AW | <p>Primary Schools</p> <p>More than anticipated expenditure by £365.2K</p> | Peter Diamond | <p>There has been a budget overspend of £283k with respect to property costs. With property cost overspend removed, overall spend sits at 100.67%.</p> <p>There were also some staffing (both devolved and retained) budget overspends, however these were balanced in part by underspends with the net impact of £106k.</p> | <p>As above, property costs are a concern as they are largely immutable.</p> <p>As above, the staffing costs leading to the overspend in 2023/24 are not anticipated to be recurring beyond August 2024 and will therefore have a more limited impact on the 2024/25 budget.</p> |
| R14A | <p>Early Learning & Childcare</p> <p>Less than anticipated expenditure by £283.2K</p> | Peter Diamond | <p>The underspend was mainly due to Staffing (£137k underspend over nearly all settings, plus £98k held in the ELC admin cost centre). This is principally as a result of a persistent issue relating to recruitment and available workforce. In-year reductions in service became necessary (to protect as far as possible the core 1140 hours offer).</p> <p>The Willow Tree Nursery had a staffing underspend of £185k, but this is offset by less income than anticipated, resulting in an overall overspend of £34k.</p> | <p>Maintain and extend service design modifications to protect (as far as possible) 1140 hours offer.</p> <p>Continue to market and manage a variety of channels by which entry to the workforce can be achieved.</p> <p>The process of procuring an external provider is underway for the Willow Tree. This should be resolved during the 2024/25 financial year.</p> |

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|-------------------------|--|----------------------------|---|---|
| R14F | <p>Additional Support Needs</p> <p>More than anticipated expenditure by £274.6K</p> | Peter Diamond | <p>There was a contribution from Corporate Contingency of £330,900 to cover Outwith Orkney Placements. Even with this additional budget due to the current placements there was an overspend of £201K at year end.</p> <p>The '100 Days' Staffing Budget was £52k overspent, and the 'Education Recovery' staffing budget was £59k overspent. The focus of both budget lines is the support of vulnerable learners.</p> | <p>A one off service pressure of £475,000 has been included within the 2024/25 budget setting.</p> <p>Baseline for 2024/25 rebalanced with contributions from the service's Continuing Professional Development (CPD) and 1+2 Modern Languages budgets.</p> |
| R14N | <p>Quality Development</p> <p>More than anticipated expenditure by £72.2K</p> | Peter Diamond | <p>The Probationer Teacher budget was overspent by £91k as income (£55k) had been inadvertently assigned to 'Education Administration'. Correcting for this results in a £36k overspend.</p> | <p>Work to ensure that grant funded developments operate within budget. Costs leading to the overspend in 2023/24 are not anticipated to be recurring beyond August 2024 and will therefore have a more limited impact on the 2024/25 budget.</p> |
| R15A | <p>Administration</p> <p>More than anticipated income by £133.2K</p> | Frances Troup | <p>Grant income received in this cost centre not fully required in 2023/24 due to less applicants for specific grants, or grants were paid out in 2024/25. Probationer Teacher income (£55k) was wrongly coded to this cost centre. Less staff costs due to a staff vacancy.</p> | <p>Ensure grant income is attributed to the correct cost centres. Staff vacancy has now been filled</p> |

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|-------------------------|---|----------------------------|--|--|
| R15C | <p>Community Learning & Development</p> <p>Less than anticipated expenditure by £58.1K</p> | Frances Troup | <p>This underspend is mainly due to a staff vacancy (£64k).</p> <p>Also, evening classes had less staff costs, but also received less income than anticipated, giving them an overall overspend (£17k).</p> | Continue to try to recruit the vacant post. Explore ways to increase evening class income. |
| R15F | <p>School Transport</p> <p>Less than anticipated expenditure by £152.3K</p> | Peter Diamond | <p>As 2023/24 progressed, it had been anticipated that the school transport budget would be overspent. The number of days where transport was cancelled/suspended did result in savings in the order of £18k.</p> <p>Additional Support Needs transport is demand led and was £134k less than anticipated.</p> | Consideration could be given to merging Additional Support Needs transport with wider Additional Support Needs Provision (including out of Orkney Placements) with the objective of improving the overall impact of the budget as well as budget efficiency. |
| R15U | <p>Movement in Reserves</p> <p>More than anticipated income by £5,813.7K</p> | Erik Knight | Variance has occurred through the processing of year end transactions, which are not budgeted. | No action required. |

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|-------------------------|----------------------------|----------------------------|------------------------|---------------------|
|-------------------------|----------------------------|----------------------------|------------------------|---------------------|

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|-------------------------|---|----------------------------|--|---|
| R15Y | Finance & Capital Charges More than anticipated expenditure £5,813.8K | Erik Knight | Variance has occurred through the processing of year end transactions, which are not budgeted. | No action required. |
| R17C | Parks and Play Areas More than anticipated expenditure by £53.6K | Frances Troup | Costs for Ground Maintenance increased by £57k, but the budget was unable to be increased accordingly. | This has been reviewed for 2024/25 with a budget adjustment to correspond with the increased costs. |
| R17D | Healthy Living Centres Less than anticipated expenditure by £24.7K | Frances Troup | Less staff costs due to difficulties with being able to find relief staff to cover some Group X instructor classes. | Continue to try to engage relief staff. |
| R17K | Swimming Pools More than anticipated expenditure £59.9K | Frances Troup | Overspend due to a combination of staff supply cover, rental costs for gym equipment higher than the budget allocation, and actual income being less than anticipated. | Income targets have been reviewed for 2024/25 in line with income received in 2023/24. |
| R17N | Active Schools Less than | Frances Troup | Mainly due to a combination of less staff (£4k) and travel costs (£7k) than anticipated, and more grant income | Ensure anticipated income figure is consistent with actual grant income received. |

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|-------------------------|---|----------------------------|--|--|
| | anticipated expenditure by £16.0K | | received than anticipated (£4k). | |
| R17P | Community Facilities More than anticipated expenditure by £156.3K | Frances Troup | A combination of income targets that are unlikely to be achievable, difficulties with recruitment and staffing leading to challenges around being able to attract further income. | Income targets have been reviewed for 2024/25 to give a more realistic figure. |
| R17T | Museums More than anticipated expenditure by £54.7K | Frances Troup | Overspend is mainly due to higher property costs (£33k), staff supply cover (£10k) and supplies & services (£10k). Sales income is less than anticipated (£10k), however the donation income has increased (£24k). | Continue to monitor property costs and purchase for resale. |
| R17X | Movement in Reserves More than anticipated income by £1,692.3K | Erik Knight | Variance has occurred through the processing of year end transactions, which are not budgeted. | No action required. |

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|-------------------------|--------------------------------------|----------------------------|--|---------------------|
| R17Y | Finance & Capital Charges | Erik Knight | Variance has occurred through the processing of year end transactions, which are not budgeted. | No action required. |

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|-------------------------|--|----------------------------|--|--|
| | More than anticipated expenditure by £1,692.3K | | | |
| R30B | Homelessness Less than anticipated expenditure by £204.1K | Frances Troup | Underspend is due to temporary accommodation being full and therefore higher rental income being obtained. | Continue to rehouse homeless households as quickly as possible, however this is dependent on permanent accommodation becoming available. |
| R30E | Energy Initiatives Less than anticipated expenditure by £15.0K | Frances Troup | Underspends is due to grant funding received, however no applications received for this specific fund. | This grant funding is not anticipated to be received in 2024/25 onwards. |
| R30F | Garages More than anticipated income by £12.8K | Frances Troup | Income from garage arrears is higher than expected. | No action required. |

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|-------------------------|--|----------------------------|--|--|
| R30G | Miscellaneous – OH More than | Frances Troup | This overspend is due to bad debt provision. | Continue to follow up on outstanding invoices. |

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|-------------------------|--|----------------------------|--|--|
| | anticipated expenditure by £67.8K | | | |
| R30H | Housing Benefit More than anticipated expenditure by £180.3K | Erik Knight | Final Housing Benefit claim adjustment for 2024/25 was not processed timeously. | Complete claim. Update guidance notes to ensure this is included in year-end processes going forward. |
| R30U | Movement in Reserves More than anticipated income by £131.1K | Erik Knight | Variance has occurred through the processing of year end transactions, which are not budgeted. reserve through the Movement in Reserves budget area. | No action required. |
| R30Y | Finance & Capital Charges More than anticipated expenditure by £131.1K | Erik Knight | Variance has occurred through the processing of year end transactions, which are not budgeted. | No action required. |
| R61A | Administration – HRA More than anticipated expenditure by £108.2K | Frances Troup | Overspend is mainly due to costs for House Purchases in 2022/23 (£38k), and Consultancy work on the housing Strategic Planning Services (£88k). | Monitor the situation. It is not anticipated that this level of spend will continue in 2024/25. |

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
|-------------------------|---|----------------------------|--|--|
| R61B | Property Costs – HRA More than anticipated expenditure by £433.0K | Frances Troup | Property costs have increased generally, with the annual contribution costs increasing significantly – Repairs & Maintenance (£65k), recharge to HRA (£270k) and Ground Maintenance (£4k). | Continue to monitor costs. |
| R61E | Rent Income More than anticipated income by £126.2K | Erik Knight | Significant work has been done to collect income on a timely basis and to reduce rent arrears. | No action required. |
| R61F | Tenant Participation Less than anticipated expenditure by £25.7K | Frances Troup | Not all of this budget was required to be used in 2023/24. | Spend relatively low but continue to try and engage with tenants to give opportunities to participate. |
| R61I | Other Income – HRA More than anticipated income by £59.6K | Frances Troup | Higher than anticipated income received due to payments for Solar Panel Income and Interest payments received. | Consider reviewing budget for future years, as it is anticipated that this level of income may continue. |
| R61U | Movement in Reserves | Erik Knight | Variance has occurred through the processing of year end transactions, which are not budgeted, for example | No action required. |

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
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| | More than anticipated expenditure by £184.1K | | capital transactions like depreciation, revaluation, impairment, profit and loss on disposal. These transactions are applied to their relevant non-useable reserve through the Movement in Reserves budget area. | |
| R61Y | Finance Charges – HRA Less than anticipated expenditure by £814.1K | Erik Knight | Variance has occurred through the processing of year end transactions, which are not budgeted, for example capital transactions like depreciation, revaluation, impairment, profit and loss on disposal. | No action required. |

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
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| R67A | Business Support More than anticipated expenditure by £165.7K | Peter Diamond | Other than the one off £18k payment for consultancy for MOWG/SLT support during Principal's absence, this overspend is mainly due to rising costs for the same services which are not within the direct control of UHI Orkney. Microsoft licence over £18K higher than | Grant funding search for microgeneration and/or modernisation of heating is underway. Energy monitoring planned. Reduce cleaning contract. Adjust for loan charges. |

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| | | | <p>2022/23 by a factor of 2.5.</p> <p>Property costs are higher than budgeted due to £40k increase in energy costs. Cleaning costs rose by £36k from 2021/22 to 2022/23.</p> <p>Interest payable of £28k on Orkney College Reserve deficit balance of £139k. Bad debt provision increased.</p> | <p>New system of monitoring bad debt in place in 2024/25.</p> |
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| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
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| <p>R67B</p> | <p>Further and Higher Education</p> <p>Less than anticipated income by £127.5K</p> | <p>Peter Diamond</p> | <p>Budget for Higher Education (HE) grant income was too high.</p> <p>This function overspend shows the effect of Scottish Funding Council (SFC) capping Further Education (FE) credits across several departments, effectively reducing income from Senior Phase, Foundation Apprenticeships, Modern Apprenticeships, HNCs, SVQs and some short courses.</p> <p>Budgets for relief staff have not been set accurately.</p> <p>Staff vacancies have created underspend in some areas, whereas staff illness has created the need for extra hours in others.</p> | <p>A virement will be processed to adjust the budgeted income once Academic Year 2024/25 FE and HE funding allocations are received.</p> <p>It will be necessary to cap activity at the same level as the SFC credit cap in future. A strategy for HE student recruitment in order to counteract this change in government support for FE is being planned.</p> <p>A review of the use of relief staff across UHI Orkney is planned.</p> <p>Recent recruitment efforts have been very successful with several vacancies already filled.</p> |
| <p>R67C</p> | <p>Agronomy Institute</p> <p>More than anticipated income by £37.7K</p> | <p>Peter Diamond</p> | <p>The underspend is on the Staff Costs budget line due to staff vacancy.</p> | <p>Recruitment of this post has been successful.</p> |

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
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| R67F | Archaeology Institute More than anticipated expenditure by £79.6K | Peter Diamond | A late grant payment of £45k has been received in June 2024 so within 2024/25 financial year. The Orkney Research Centre for Archaeology (ORCA) has received £68,344 less income than budgeted, an improvement on £98,668 shortfall in 2022/23. This is partly due to contract timing. | Restructuring of Archaeology functions and cost centres is planned, to support more effective budget monitoring and increase accuracy of budgeting and forecasting. This work is likely to continue throughout the next academic year. Further review of ORCA billing practices and budgeted activity and income for 2024/25 will be required. |
| R67G | Institute for Northern Studies Less than anticipated income by £49.8K | Peter Diamond | Staffing costs are higher than anticipated. | Staffing budget has been increased for 2024/25. |
| R67U | Movement in Reserves Less than anticipated expenditure by £420.5K | Erik Knight | Variance has occurred through the processing of year end transactions, which are not budgeted, for example capital transactions like depreciation, revaluation, impairment, profit and loss on disposal. These transactions are applied to their relevant non-useable reserve through the Movement in Reserves budget area. | No action required |

| <u>Service Function</u> | <u>Service Description</u> | <u>Responsible Officer</u> | <u>Variance Reason</u> | <u>Action Notes</u> |
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| <p>R67Y</p> | <p>Finance Charges</p> <p>More than anticipated expenditure by £451.3K</p> | <p>Erik Knight</p> | <p>Variance has occurred through the processing of year end transactions, which are not budgeted, for example capital transactions like depreciation, revaluation, impairment, profit and loss on disposal.</p> | <p>No action required</p> |
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