



ORKNEY
ISLANDS COUNCIL

Item: 13

Education, Leisure and Housing Committee: 10 September 2025.

Revenue Expenditure Outturn.

Report by Head of Finance.

1. Overview

- 1.1. On 11 March 2024, the Council set its overall revenue budget for financial year 2024/25. On 18 June 2024, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2024/25, 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 financial year 2024/25, attached as Annex 1 to this report, indicating a net budget overspend position of £1,283,600, comprising the following:
 - Underspend of £357,700 against General Fund services.
 - Overspend of £1,641,300 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 financial year 2024/25, 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, 27 February 2024, Budget and Council Tax Level for 2024/25.

Policy and Resources Committee, 18 June 2024, 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 2025**

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	48,888.0	48,447.7	440.3	100.9	48,447.7
Leisure & Cultural Services	5,190.2	5,319.4	(129.2)	97.6	5,319.4
Other Housing	1,700.6	2,369.4	(668.8)	71.8	2,369.4
	55,778.8	56,136.5	(357.7)	99.4	56,136.5

Non-General Fund

Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Housing Revenue Account	221.1	(560.0)	781.1	N/A	(560.0)
UHI Orkney	860.2	0.0	860.2	0.0	0.0
	1,081.3	(560.0)	1,641.3	N/A	(560.0)
Service Totals	56,860.1	55,576.5	1,283.6	102.3	55,576.5

Annex 2: Financial Detail by Service Area

March 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	13,212.4	12,994.3	218.1	101.7	12,994.3
Junior Secondary Schools	1C	3,596.4	3,475.7	120.7	103.5	3,475.7
Primary Schools	1C	13,248.8	12,715.4	533.4	104.2	12,715.4
Early Learning & Childcare	1C	4,896.3	5,036.5	(140.2)	97.2	5,036.5
Additional Support Needs	1C	3,811.0	4,046.8	(235.8)	94.2	4,046.8
Papdale Halls of Residence	1C	1,103.7	1,022.8	80.9	107.9	1,022.8
Quality Development	1B	43.1	31.8	11.3	135.5	31.8
Administration	1C	2,714.4	2,795.7	(81.3)	97.1	2,795.7
Assistance for Students	1B	196.4	243.0	(46.6)	80.8	243.0
Community Learning & Development	1B	585.5	701.0	(115.5)	83.5	701.0
School Meals	1C	2,017.4	2,094.4	(77.0)	96.3	2,094.4
School Transport	1C	4,332.4	4,151.6	180.8	104.4	4,151.6
School Crossing Patrol		61.6	69.4	(7.8)	88.8	69.4
Movement in Reserves		(941.3)	(941.3)	0.0	100.0	(941.3)
Parent Councils		9.9	10.6	(0.7)	93.4	10.6
Service Total		48,888.0	48,447.7	440.3	100.9	48,447.7

Changes in original budget position:

Original Net Budget	46,463.5
Staffing Budget Movement 24.25	(62.7)
Senior Secondary Schools - Teachers Pension Increase	247.2
Senior Secondary Schools - Teachers Pay Increase	62.6
Junior Secondary Schools - Teachers Pay Increase	12.7
Junior Secondary Schools - Teachers Pension Increase	50.3
Primary Schools - Teachers Pension Increase	240.3
Primary Schools - Teachers Pay Increase	61.1
Additional Support Needs - Teachers Pay Increase	2.6
Additional Support Needs - Teachers Pension Increase	10.0
Youth Music - Teachers Pension Increase	0.2
Education 24.25 Staff Back Pay	376.1
Teachers Numbers Redetermination	634.0
SIP Funding	288.5
Apportionment Realignment	21.3
Ed Psych Refund	2.0
School Milk	4.0
Teacher Induction	34.0
	48,447.7

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
						£000
Leisure & Cultural Services						
Administration - RC		1,113.0	1,125.6	(12.6)	98.9	1,125.6
Parks and Play Areas		475.5	479.1	(3.6)	99.2	479.1
Healthy Living Centres	1B	63.9	93.0	(29.1)	68.7	93.0
Tourism - Caravan Sites	1B	(36.3)	(20.0)	(16.3)	181.5	(20.0)
Tourism - Hostels	1B	(4.7)	5.3	(10.0)	N/A	5.3
Sports Development	1B	58.7	96.3	(37.6)	61.0	96.3
Sports Facilities		1,195.9	1,225.0	(29.1)	97.6	1,225.0
Swimming Pools		378.6	354.5	24.1	106.8	354.5
Theatres		12.2	7.8	4.4	156.4	7.8
Active Schools		75.5	75.7	(0.2)	99.7	75.7
Community Facilities	1B	421.0	371.3	49.7	113.4	371.3
Heritage Development		335.2	353.6	(18.4)	94.8	353.6
Museums		437.0	437.3	(0.3)	99.9	437.3
St Magnus Cathedral	1B	219.0	246.2	(27.2)	89.0	246.2
Libraries		1,118.0	1,141.0	(23.0)	98.0	1,141.0
Movement in Reserves		(672.3)	(672.3)	0.0	100.0	(672.3)
Service Total		5,190.2	5,319.4	(129.2)	97.6	5,319.4

Changes in original budget position:

Original Net Budget	4,993.3
No One Left Behind Approach to Employability	53.0
Leisure & Cultural 24.25 Staff Back Pay	76.1
SIP Funding	144.6
Apportionment Realignment	52.4
	<u>5,319.4</u>

		Spend	Budget	Over/(Under)	Spend	Annual
Other Housing	PA	£000	£000	£000	%	Budget
Housing Support		73.0	78.0	(5.0)	93.6	78.0
Homelessness	1B	795.9	1,116.9	(321.0)	71.3	1,116.9
Housing Loans		14.6	13.6	1.0	107.4	13.6
Energy Initiatives	1B	1.6	44.6	(43.0)	3.6	44.6
Garages	1B	(114.4)	(103.0)	(11.4)	111.1	(103.0)
Miscellaneous - OH	1B	386.9	455.8	(68.9)	84.9	455.8
Housing Benefits	1B	106.8	369.5	(262.7)	28.9	369.5
Landlord Registration		(16.8)	(26.1)	9.3	64.4	(26.1)
Care & Repair		401.9	395.0	6.9	101.7	395.0
Sheltered Housing		197.3	179.6	17.7	109.9	179.6
Student Accommodation		(15.5)	(23.8)	8.3	65.1	(23.8)
Movement in Reserves		(130.7)	(130.7)	0.0	100.0	(130.7)
Service Total		1,700.6	2,369.4	(668.8)	71.8	2,369.4

Changes in original budget position:

Original Net Budget	2,295.6
Temp Accommodation Pressures	15.0
Redetermination Ukraine Resettlement	53.1
Housing 24.25 Staff Back Pay	18.5
Apportionment Realignment	(12.8)
	<u>2,369.4</u>

Non-General Fund

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
Housing Revenue Account						£000
Administration - HRA	1B	999.7	1,277.5	(277.8)	78.3	1,277.5
Property Costs - HRA	1B	2,490.9	2,103.0	387.9	118.4	2,103.0
Rent Income	1C	(4,696.1)	(4,499.0)	(197.1)	104.4	(4,499.0)
Tenant Participation		28.8	27.7	1.1	104.0	27.7
Other Income - HRA	1B	(108.7)	(23.0)	(85.7)	472.6	(23.0)
Accounting for Pensions		(43.1)	(43.1)	0.0	100.0	(43.1)
Movement in Reserves	1B	936.3	(788.1)	1,724.4	N/A	(788.1)
Non Distributed Costs		2.0	2.0	0.0	100.0	2.0
Finance Charges - HRA	1B	611.3	1,383.0	(771.7)	44.2	1,383.0
Service Total		221.1	(560.0)	781.1	N/A	(560.0)

		Spend	Budget	Over/(Under)	Spend	Annual
	PA	£000	£000	£000	%	Budget
UHI Orkney						£000
Business Support		893.7	855.3	38.4	104.5	855.3
Further and Higher Education	1B	140.5	(681.1)	821.6	N/A	(681.1)
Accounting for Pensions		(226.1)	(226.1)	0.0	100.0	(226.1)
Movement in Reserves	1B	41.5	41.5	0.0	100.0	41.5
Non Distributed Costs		10.4	10.4	0.0	100.0	10.4
Service Total		860.2	0.0	860.2	0.0	0.0

Education

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R11AC	Senior Secondary Schools More than anticipated expenditure by £218.1K	Peter Diamond	While there are minor differences across the two cost centres (KGS and Stromness Academy), key reasons for the more than anticipated expenditure are as follows: Long term absence cover (teaching) higher than anticipated, £100k; property costs higher than anticipated, £150k; utility costs higher than anticipated, £60k. To some extent these costs are mitigated by savings made in other areas.	Review processes and procedures relating to management of absence. Explore pro-active use of supply budgets to reduce short term absence. Where necessary prepare report on unavoidable budget pressure for consideration by the corporate leadership team Review all costs contributing to property/utility overspend to ensure optimum efficiency. Where necessary prepare report on unavoidable budget pressure for consideration by the corporate leadership team
R12AF	Junior Secondary Schools More than anticipated expenditure by £120.7K	Peter Diamond	While there are minor differences across the three cost centres (Sanday, Stronsay and Westray Junior High Schools), key reasons for the more than anticipated expenditure are as follows: Core teaching costs higher than anticipated, £60k; property and utility costs higher than anticipated, £48k	Review teaching establishment and budget allocation to ensure budget alignment. Review all costs contributing to property/utility overspend to ensure optimum efficiency. Where necessary prepare report on unavoidable budget pressure for consideration by the corporate leadership team

Education

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R13AW	Primary Schools More than anticipated expenditure by £533.4K	Peter Diamond	<p>While there are minor differences across all of the primary school cost centres, key reasons for the more than anticipated expenditure are as follows:</p> <p>Short- and long-term absence cover (teaching) is higher than anticipated, £205k; property and utility costs are higher than anticipated, £425k. To some extent these costs are mitigated by savings made in other areas.</p>	<p>Review processes and procedures relating to management of absence. Explore pro-active use of supply budgets to reduce short term absence. Where necessary prepare report on unavoidable budget pressure for consideration by the corporate leadership team</p> <p>Review all costs contributing to property/utility overspend to ensure optimum efficiency. Where necessary prepare report on unavoidable budget pressure for consideration by the corporate leadership team</p>

Education

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R14A	Early Learning & Childcare Less than anticipated expenditure by £140.2K	Peter Diamond	<p>Underspend represents a significant reduction when compared to 2023/24. This is largely due to a more successful period of recruitment. There remains a gap between what the Council needs to offer and what is being offered, which means this reduction in underspend will continue as the Council is able to offer more consistency across the provisions.</p> <p>There has also been a small reduction in the demand on the through year budget, which is deployed where numbers increase and/or additional staff are required to continue to meet the Safe Staffing requirements. It is possible that this will remain challenging to forecast accurately due to the number of variables involved.</p>	Continue to prioritise recruitment and retention with a view to reaching the target offer.

Education

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R14FI	Additional Support Needs Less than anticipated expenditure by £235.8K	Peter Diamond	<p>There have been a number of vacant posts that have taken longer to fill than would be expected. These are principally within the central staff team (Support and Inclusion) and In-school Counselling.</p> <p>In addition, the spend on residential education and care placements was slightly lower than expected; however, it should be noted that the total underspend in this budget line would be insufficient to support a single residential placement for one year.</p>	<p>Follow policy and procedure and fill vacancies with minimum delay where possible.</p> <p>Work across the children's service partnership to ensure optimum value for money in terms of supporting alternatives to residential education and care placements.</p>
R14J	Papdale Halls of Residence More than anticipated expenditure by £80.9K	Frances Troup	Additional staff costs due to staff absence, the Service requires to ensure Safe Staffing as per Care Inspectorate. This has affected care staff and support staff and is expected to continue meantime.	Meantime monitor the situation in line with normal policy requirements.

Education

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R14N	Quality Development More than anticipated expenditure by £11.3K	Peter Diamond	The majority of the Quality Development budgets are underspent but there is a query around the grant income for probationers that is causing an overspend of £91K again this year. The difference between the underspends and this caused the £11.3K overspend.	Reassessment of the budget pressures for these services should be conducted during 2025/26 and allocation adjusted according to meet the demand of the curriculum etc.
R15A	Administration Less than anticipated expenditure by £81.3K	Frances Troup	This refers to a combination of budgets and provision of various Scottish Government grant payments. Probationer Teacher income was not reallocated to school budgets but is still within the service.	Budget Holder will relook at the overall budget in 2025/26 and ensure grant income is attributed to the correct cost centres.

Education

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R15B	Assistance for Students Less than anticipated expenditure by £46.6K	Peter Diamond	Spend is principally related to the number of applications. Applications have been slightly lower, resulting in the underspend. Demand varies and in previous years, the converse has been true.	Continue to advertise availability (local media as well as Council website) and encourage timely applications.
R15C	Community Learning & Development Less than anticipated expenditure by £115.5K	Frances Troup	Community Learning and Development Officer Post held vacant as part of efficiency savings. Other underspends are due to difficulties in filling posts including in youth services, some of these posts are for a small number of hours but this applies to a number of posts.	Budget will be reduced as part of efficiency savings. Other posts continue to be advertised and promoted.
R15DE	School Meals Less than anticipated expenditure by £77.0K	Frances Troup	Some large invoices were awaited at year end – this applied to the purchase of some large equipment. Invoices were received in financial year 2025/26.	Monitor the situation.

Education

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R15F	School Transport More than anticipated expenditure by £180.8K	Peter Diamond	<p>As 2024/25 progressed it was reported that there was insufficient budget to cover the contracted routes. Four routes had to be retendered when the procurement process was agreed, and these costs have not been included in the budget.</p> <p>There were also no days where transport was cancelled/ suspended (strike action and/or bad weather)</p> <p>Secondary - £172.2k overspend JHS - £2.2k underspend Primary - £16.9k underspend.</p> <p>Additional Support Needs transport is demand led and was £27.7k more than anticipated.</p>	Service Pressure need assessment should be conducted for the 2025/26 budget and consideration could be given to merging Additional Support Needs transport with wider Additional Support Needs Provision (including out of Orkney Placements) as children are returning to Orkney.

Leisure & Cultural Services

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R17D	Healthy Living Centres Less than anticipated expenditure by £29.1K	Frances Troup	Vacant posts have contributed to this situation. Mainly this applies to posts with a small number of hours.	Continue to promote and advertise posts.
R17E	Tourism – Caravan Sites More than anticipated income by £16.3K	Frances Troup	Income has been very healthy throughout the year. Invoices were raised for bookings made and funds accrued accordingly. This includes bookings made ahead of the International Island Games.	Monitor the situation.
R17F	Tourism – Hostels Less than anticipated expenditure by £10.0K	Frances Troup	Income has been very healthy throughout the year. Invoices were raised for bookings made and funds accrued accordingly. This includes bookings made ahead of the International Island Games.	Monitor the situation.

Leisure & Cultural Services

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R17G	Sports Development Less than anticipated expenditure by £37.6K	Frances Troup	The Outdoor Education Service generated an additional £14k in income and its expenditure is £23K less than anticipated. The underspend relates to supplies and services and administration costs centres. A spending freeze was put in place in the last quarter of 2024/25 which contributed to this position.	Monitor the situation

Leisure & Cultural Services

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R17P	Community Facilities More than anticipated expenditure by £49.7K	Frances Troup	<p>This relates to the Community Centre Cafe. To achieve a cost neutral position, the café would need to operate with a food cost percentage of just 26%.</p> <p>Regrettably, this target was unrealistic for an operation like the St Magnus Café, where a typical and sustainable food cost percentage would normally fall between 35% and 37%.</p> <p>Several factors contributed to the inability to meet this target:</p> <ul style="list-style-type: none"> • The need to renegotiate food supplier contracts • Significant food cost inflation • Increased customer footfall, resulting in higher demand for provisions <p>These combined pressures made it increasingly difficult to maintain the proposed cost structure while continuing to operate effectively.</p>	Continue to analyse costs and seek to achieve higher levels of gross profit where possible.

Leisure & Cultural Services

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R17U	St Magnus Cathedral Less than anticipated expenditure by £27.2K	Frances Troup	Income has been very healthy throughout the year. Income (uptake of various tours) and donations have been higher than expected.	Monitor the situation.

Other Housing

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R30B	Homelessness Less than anticipated expenditure by £321.0K	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 £43.0K	Frances Troup	EES ABS funding fully allocated for financial year but works continue into financial year 2025/26 in line with scheme rules and regulations.	Continue to progress works in relation to EES ABS programme.
R30F	Garages More than anticipated income by £11.4K	Frances Troup	Income from garage rent arrears is higher than anticipated which shows recovery action has been effective.	No action required.

Other Housing

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R30G	Miscellaneous – OH Less than anticipated expenditure by £68.9K	Frances Troup	This relates to a cumulative underspend on three separate budgets. This includes budgetary provision to assist with some strategic functions relating to homelessness, empty homes and refugee resettlement. Spending has been restricted, and every attempt has been made to maximise partnership working in order to keep spending lower. Accordingly this can assist overspend in other areas within the service. Staff resource has been focussed on certain key projects during 2024/25 temporarily.	Monitor the situation meantime. Spending on some areas is anticipated to be higher during 2025/26.
R30H	Housing Benefits Less than anticipated expenditure by £262.7K	Erik Knight	Payment received of £173.1k in period 6 was from Housing Benefit Final Subsidy return for 2023/24, however no year-end debtor was processed to account for this. The final 2023/24 return also amended the 2024/25 subsidy upwards, no budget adjustment was processed to account for this during the year.	2024/25 year end accrual processed correctly. Process virements to increase/decrease budget in line with subsidy notification in a timely manner.

Housing Revenue Account

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R61A	Administration – HRA Less than anticipated expenditure by £277.8K	Frances Troup	The budget was increased on the basis of an Indigo House Report on the Housing Revenue Business Plan. The costs which were built in relate to a whole stock condition survey and enhancements to electronic processes – both of which require additional governance to progress.	Monitor the situation. It is likely that revenue costs of property purchases will impact on financial year 2025/26, so the profile of spending may be higher.

Housing Revenue Account

<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 £387.9K	Frances Troup	The property costs element of revenue repairs and maintenance budget is £2.05m. The contribution to revenue repairs and maintenance is £1.96m and £23.7k for grounds maintenance. This leaves less than £70k for other expenses including energy costs, storage, council tax, water charges, insurance and cleaning. Spending on those elements totalled £128k. The charges for apportioned costs rose by £340k which overall led to an overspend. Property costs are generally fixed and are essential to service delivery.	Monitor the situation. Consider whether a virement would be appropriate in future years.

Housing Revenue Account

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R61E	Rent Income More than anticipated income by £197.1K	Erik Knight	Rental income is above budget. Recovery processes are more robust. However budget based on 10-year model where assumptions have been used when calculating revenues; timing differences may also be at play.	Consider recalculation of budget.
R61I	Other Income – HRA More than anticipated income by £85.7K	Frances Troup	Higher than anticipated income received from Photovoltaic Panels on housing stock including interest payments received. This income was used as part of the cost analysis when investing in Photovoltaic Panels.	Consider reviewing budget for future years, as it is anticipated that this level of income should continue.

Housing Revenue Account

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R61U	Movement in Reserves Less than anticipated income by £1,724.4K	Erik Knight	Costs include the repayment of loan debt of £1,247k which is not budgeted, less £83k of surpluses on disposal of assets. The budget includes a surplus of £560k which was anticipated as required as part of the HRA Business Plan	Consider additional budget lines in respect of year end capital transactions.
R61Y	Finance Charges – HRA Less than anticipated expenditure by £771.7K	Erik Knight	Budget out of alignment with expectations as a result of the corresponding entry to the £560k, above. Year end and debt management costs below anticipated levels.	2025/26 budgets reflect business plan surplus expectations.

UHI Orkney

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R67B	<p>Further and Higher Education</p> <p>Less than anticipated income by £821.6K</p>	Peter Diamond	<p>Two main components make up the shortfall.</p> <p>Target 'income to find' of £425.4K only partially met, resulting in an actual total income shortfall of £314.8K</p> <p>Staff actual over budget due to a number of factors including higher national pay settlement and one-off National Recognition and Procedures Agreement (NRPA) harmonisation costs resulting in an overspend of £488.8K</p>	<p>Draft Budget for 2025/26 submitted to Education, Leisure and Housing Committee on 4 June 2025, with follow-up report to Policy and Resources Committee on 17 June 2025.</p> <p>An Officer Task Force is being established with the remit to work across the Council identifying savings and income, developing a plan to reduce the accumulated balance from the Council's Loans Fund.</p>