

Financial Statement 2010/11

29th November 2010

1 Purpose of report

This report has been prepared in consultation with the Assessor and summarises the Revenue position for the period ending 31st October, 2010, together with projections of likely expenditure to the year end.

2 Main Report

Performance to 31st October 2010

2.1 The table below compares actual and budgeted expenditure for the seven month period to 31st October, 2010, together with a year-end projection to 31st March 2011.

	Annual Budget £000	--- seven months to 31.10.10 ---			-- Projected to -- 31.03.11		
		Budget £000	Actual £000	Variance £000	%	Outturn £000	£000
Expenditure							
Employee	4,718	2,748	2,652	(96)	(3.5)	4,570	(148)
Property	668	494	435	(59)	(11.9)	605	(63)
Supplies and Services	723	449	474	25	5.6	730	7
Transport	143	87	82	(5)	(5.7)	133	(10)
Third Party Payments	80	48	60	12	25.0	105	25
Support Services	88	8	8	-	-	88	-
	6,420	3,834	3,711	(123)	(3.2)	6,231	(189)
Income							
Fees and Charges	(43)	(25)	(32)	(7)	(28.0)	(50)	(7)
Interest	(3)	-	-	-	-	(3)	-
	6,374	3,809	3,679	(130)	(3.4)	6,178	(196)

2.2 The performance at the seven month stage shows a net underspend of £130,000 and is 3.4% below the net approved budget. The main variances are as follows:

(a) **Employee Costs underspend £96,000**

This is due to an underspending on APT&C staff costs and has arisen primarily as a result of non filling of staff vacancies following resignations, and the internal filling of the vacated Depute Assessor post.

(b) **Property underspend £59,000**

This is due to lower than anticipated expenditure on general building repairs and maintenance, and ground maintenance £10,000; and savings in respect of business rates revaluation £46,000.

- (c) **Supplies and Services overspend £25,000**
This is mainly due to additional costs in respect of bespoke developments to the new registration software that was difficult to estimate £15,000; and greater than expected advertising costs due to legal requirements to promote electoral registration £13,000. These additional costs have been partially offset by an underspending on operation equipment £6,000 (mainly furnishings).
- (d) **Third Party Payments overspend £12,000**
This is due to a higher than anticipated activity of the Valuation Appeals Committee and Lands Valuation Appeal Court cases arising mainly from the disposal of the 2005 Valuation Roll material change appeals.

Projections to Year End

2.3 At this stage, the projected outturn indicates a potential net expenditure of £6,178,000 which results in a net underspend of £196,000. The principal reasons for the variance are as follows:

- (a) **Employee Cost underspend £148,000**
This is due to lower than expected APT&C costs and non filling of staff vacancies.
- (b) **Property Costs underspend £63,000**
This is mainly due to lower than budgeted repairs and maintenance costs £16,000; lower energy costs £6,000; and lower business rates £46,000.
- (c) **Supplies and Services overspend £7,000**
This is mainly due to additional costs in respect of registration software £19,000 and advertising costs £10,000 as referred to in paragraph 2.2(c) above; offset by underspendings on operational equipment £12,000 (mainly furnishings) and conference and training costs £13,000.
- (d) **Transport costs underspend £10,000**
This is due to lower than expected travel expenses and car allowance costs to reflect changes in the way external surveys are carried out.
- (e) **Third Party Payments overspend £25,000**
This is due to a higher than anticipated activity of the Valuation Appeals Committee arising from the disposal of the 2005 Valuation Roll material change appeals.

2.4 The projected underspend at Period 7 is £71,000 greater than reported to the Board at its meeting on 6th September, 2010. This is mainly due to greater projected savings on employee costs £88,000 (mainly APTC staff and a saving on the pay award); and Property Costs £40,000 (mainly due to rates revaluation). These have been partially offset by greater than expected Supplies and Services costs £33,000 (mainly computer equipment) and Third Party Payments £28,000 (mainly Valuation Appeals Committee activity).

- 2.5 The Board has initiated a vacancy management process and Voluntary Early Release and Redundancy Schemes are currently being developed and will include an appropriate savings test. Any applications under these schemes will be evaluated on affordability and impact on service delivery. The one off costs may be significant and in order to realise savings in 2011/12, it is recommended that the Assessor, in consultation with the Board's Convener and Treasurer, be authorised to approve costs arising from the acceptance of voluntary early release and redundancy measures.
- 2.6 In terms of Section 58 of the Local Government (Scotland) Act 1973, the Board has no specific power to retain reserves, however, unspent funding contributions from constituent councils can be carried forward as creditors to meeting future funding requirements. In order to facilitate the introduction of early retirement and early release options, the projected underspend in the current year may be used to meet costs arising from voluntary and redundancy release measures. The full impact of these measures have yet to be determined and are dependent on budget reductions required and the number of staff deciding to take up any early release/redundancy offer.


3 Conclusions

- 3.1 At this stage, there is a projected net underspend of £196,000 mainly as a result of unfilled staff vacancies.
- 3.2 The Board has no power to establish a general reserve, however unspent funding contributions can be carried forward as a creditor.
- 3.3 Future liabilities for early release and early retirement may be significant.

4 Recommendations

The Board is recommended to:

- (a) note the financial statement for the seven month period to 31st October, 2010, together with the year end projections;
- (b) agree that the Assessor in consultation with the Convener and Treasurer, be authorised to approve costs arising from the acceptance of voluntary and redundancy release measures on the basis that these costs can be met from the Board's projected underspend for 2010/11.


D. McGougan,
Treasurer.
18th November 2010

Appendices	None
Contact/Tel:	Mr. I. Knowles: 0131 469 3173
Background Papers	Held at the Office of Treasurer