

Period 7 Financial Statement 2011/12

28th November 2011

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, 2011, together with projections of likely expenditure to the year end.

2 Main Report

Performance to 31st October 2011

2.1 The table below compares actual and budgeted expenditure for the seven month period to 31st October, 2011, together with a year-end projection to 31st March 2012.

	Annual Budget £000	--- seven months to 31.10.11 ---			-- Projected to -- 31.03.12		
		Budget £000	Actual £000	Variance £000	%	Outturn £000	£000
Expenditure							
Employee	4,563	2,657	2,640	(17)	(0.6)	4,493	(70)
Property	615	460	452	(8)	(1.7)	607	(8)
Supplies and Services	730	385	370	(15)	(3.9)	728	(2)
Transport	133	82	66	(16)	(19.5)	106	(27)
Third Party Payments	80	33	32	(1)	(3.0)	114	34
Support Services	88	8	8	-	-	78	(10)
	6,209	3,625	3,568	(57)	(1.6)	6,126	(83)
Income							
Fees and Charges	(43)	(19)	(19)	-	-	(43)	-
Interest	(3)	-	-	-	-	(3)	-
Net Expenditure	6,163	3,606	3,549	(57)	(1.6)	6,080	(83)

2.2 The performance at the seven month stage shows a net underspend of £57,000 and is 1.6% below the net approved budget. The main variances are as follows:

(a) **Employee Costs underspend £17,000**

This is due to an underspending on APT&C staff costs and has arisen primarily as a result of delayed and non filling of staff vacancies and the operation of flexible working options.

(b) **Property underspend £8,000**

This is mainly due to an underspending on repairs and maintenance and energy costs.

(c) **Supplies and Services underspend £15,000**

This is mainly due to an underspending on computer and operational equipment.

(d) **Transport underspend £16,000**

The continuing review of work practices on external survey requirement and the general decline in the construction industry has resulted in lower business mileage claims.

Projections to Year End

2.3 At this stage, the projected outturn indicates a potential net expenditure of £6,080,000 which results in a net underspend of £83,000. The principal reasons for the variance are as follows:

(a) **Employee Cost underspend £70,000**

This is due to delayed and non filling of staff vacancies, and the operation of flexible work options. At this stage it is not anticipated that the early release provisions approved by the Board will be used during 2011/12, however, this position will be reviewed as the year progresses.

(b) **Property underspend £8,000**

This is mainly due to an underspending on repairs and maintenance and energy costs.

(c) **Supplies and Services underspend £2,000**

This is mainly due to greater than expected legal costs towards the end of the year in respect of disposal of revaluation and material change of circumstances appeals. This has been offset by projected underspendings on computer and operational equipment.

(d) **Transport underspend £27,000**

As referred to above, the continuing review of work practices on external survey requirement has resulted in lower business mileage claims.

(e) **Third Party Payments overspend £34,000**

This is a result of a higher than anticipated activity of the Valuation Appeals Committee. This is due to the large volume of lodged revaluation appeals and the increasing number of material change of circumstances appeals received subsequently and the increasing complexity both in valuation and legal terms that these appeals present.

2.4 The projected underspend at Period 7 is £7,000 greater than that reported to the Board at its meeting on 5th September, 2011. This is mainly due to greater projected savings on employee costs £35,000 (mainly APTC staff and a saving on the temporary staff costs). This has been offset by greater than expected legal fees of £30,000 in respect of appeals.

- 2.5 Voluntary Early Release and Redundancy Schemes have been approved by the Board at its meeting on 4th February 2011. The Board also approved at its meeting on the 29th November, a recommendation 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.

Any applications under these schemes will be evaluated on affordability and impact on service delivery. At this stage it is not anticipated that the early release provisions will be used during 2011/12, however, this position will be reviewed as the year progresses.

- 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 meet future funding requirements. In order to facilitate the introduction of early retirement and early release options, the Board, at its meeting in November, approved a recommendation that the 2010/11 underspend be used to meet costs arising from voluntary and redundancy release measures. Accordingly, £228,000 has been set aside to meet potential future liabilities.

3 Conclusions

- 3.1 At this stage, there is a projected net underspend of £83,000 mainly as a result of delayed and non filling of staff vacancies.
- 3.2 The Board has no power to establish a general reserve, however unspent funding contributions of £228,000 have been carried forward as a creditor.
- 3.3 Early release requirements will be reviewed during the year.

4 Recommendations

The Board is recommended to note the financial statement for the seven month period to 31st October, 2011, together with the year end projections.

**K. Kelly,
Treasurer.**

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