

## Period 4 Financial Statement 2012/13

3rd September 2012

### 1 Purpose of report

This report has been prepared in consultation with the Assessor and summarises the Revenue position for the period ending 31st July, 2012, together with projections of likely expenditure to the year end.

### 2 Main Report

#### Performance to 31st July 2012

2.1 The table below compares actual and budgeted expenditure for the four month period to 31st July, 2012, together with a year-end projection to 31st March 2013.

	Annual Budget £000	--- four months to 31.07.12 --- Budget £000	Actual £000	Variance £000	%	-- Projected to -- 31.03.13 Outturn £000	£000
<b>Expenditure</b>							
Employee	4,573	1,584	1,524	(60)	(3.8)	4,469	(104)
Property	619	172	170	(2)	(1.2)	608	(11)
Supplies and Services	687	238	248	10	4.2	716	29
Transport	113	39	36	(3)	(7.7)	110	(3)
Third Party Payments	94	28	27	(1)	(3.6)	124	30
Support Services	78	-	-	-	-	78	-
	6,164	2,061	2,005	(56)	(2.7)	6,105	(59)
<b>Income</b>							
Fees and Charges	(43)	(10)	(11)	(1)	(10.0)	(43)	-
Interest	(3)	-	-	-	-	(3)	-
<b>Net Expenditure</b>	6,118	2,051	1,994	(57)	(2.8)	6,059	(59)

2.2 The performance at the four month stage shows a net underspend of £57,000 and is 2.8% below the net approved budget. The main variances are as follows:

(a) **Employee Costs underspend £60,000**

This is due to the non filling of staff vacancies.

(b) **Supplies and Services overspend £10,000**

This is mainly due to a network hardware refresh that was budgeted to take place in 2011/12 but will now be completed in 2012/13.

## **Projections to Year End**

2.3 At this stage, the projected outturn indicates a potential net expenditure of £6,059,000 which results in a net underspend of £59,000. The principal reasons for the variance are as follows:

(a) ***Employee Cost underspend £104,000***

This is due to the non filling of staff vacancies, partially offset by additional costs in respect of a requirement to ensure that every household that does not return an electoral canvass form during the 2012 electoral registration canvass, receive a door to door visit. The extent of the additional cost will not be known until Stage 1 of the canvass is complete and an assessment of the number of non returns is made; however it is projected that this cost will be contained within the total employee budget provision.

(b) ***Property underspend £11,000***

This is mainly due to a projected underspend on grounds maintenance and lower than expected utility charges.

(c) ***Supplies and Services overspend £29,000***

This is mainly due to the computer network hardware refresh costs referred to in paragraph 2.2(b) above and a general uplift in postal prices.

(d) ***Transport underspend £3,000***

The continuing review of work practices, together with reduced construction activity has resulted in a lower than anticipated external survey requirement and associated transport costs.

(e) ***Third Party Payments overspend £30,000***

This is a result of a higher than anticipated activity of the Valuation Appeals Committee. This is due to the large number of outstanding appeals lodged in respect of material change of circumstances, and the increasing complexity both in valuation and legal terms that these appeals present. This additional cost is projected to be contained within the overall budget provision.

2.4 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 2010, 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 requests. It was also the decision of the Board that the Assessor seek approval from the Board before instigating the procedure for compulsory redundancies as indicated in the Redundancy Policy. Any applications under these schemes will be evaluated on affordability and impact on service delivery.

2.5 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 commitments. In order to facilitate the introduction of early release measures, the Board, at its meeting in November 2010, approved a recommendation that the 2010/11 underspend, subject to consultation between the Assessor, Convener and Treasurer, be used to meet costs arising from early

release measures. Accordingly, £228,000 was set aside to meet potential future liabilities.

- 2.6 Similarly, at its meeting on 3<sup>rd</sup> February, 2012, the Board agreed that the underspend for 2011/12 also be used to meet costs arising from early release measures, this resulted in a further £42,000 being set aside. Total funding contributions carried forward therefore amounts to £270,000.

### **3 Conclusions**

- 3.1 At this stage, there is a projected net underspend of £59,000.
- 3.2 The Board has no power to establish a general reserve, however unspent funding contributions of £270,000 have been carried forward as a creditor to meet liabilities arising through the Board's early release measures.

### **4 Recommendations**

The Board is recommended to note the financial statement for the four month period to 31st July, 2012, together with the year end projections.

**Hugh Dunn,  
Treasurer.**

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