



Period 3 Financial Statement 2013/14

2nd September 2013

1 Purpose of report

This report has been prepared in consultation with the Assessor and summarises the Revenue position for the period ending 30th June, 2013, together with projections of estimated expenditure to the year end.

2 Main Report

Performance to 30th June 2013

2.1 The table below compares actual and budgeted expenditure for the three month period to 30th June 2013, together with a year-end projection to 31st March 2014.

	Annual Budget £'000	Three months to 30.06.13			Projected to 31.03.14	
		Budget £'000	Actual £'000	Variance £'000	Outturn £'000	Variance £'000
Expenditure						
Employee Costs	4,539	1,232	1,067	(165)	4,467	(72)
Premises Costs	625	178	173	(5)	634	9
Transport Costs	113	30	27	(3)	102	(11)
Supplies & Services	712	100	101	1	715	3
Third Party Payments	95	10	12	2	119	24
Support Services	80	0	0	0	80	0
	6,164	1,550	1,380	(170)	6,117	(47)
Income						
Fees and Charges	(43)	(37)	(40)	(3)	(42)	1
Interest	(3)	0	0	0	(2)	1
	(46)	(37)	(40)	(3)	(44)	2
Net Expenditure	6,118	1,513	1,340	(173)	6,073	(45)

Projections to Year End

2.2 At this stage, the projected outturn indicates a potential net expenditure of £6,073,000 which results in a net under spend of £45,000. The principal reasons for the variance are as follows:

- (a) **Employee Cost under spend £72,000**
This is due to the ongoing review of vacant posts and subsequent recruitment control offset in part by the cost of two employees leaving through Voluntary Early Release arrangements.
- (b) **Property over spend £9,000**
The over spend relates mainly to initial estimates for roofing repairs and electrical works within the building. An update on further roofing repairs, building work and associated cost implications will be provided to the Board in November.
- (c) **Transport under spend £11,000**
This results from the ongoing review of practices associated with external survey work, and reflects the general decline in construction activity.
- (d) **Third Party Payments over spend £24,000**
This is a result of a higher than anticipated activity of the Valuation Appeals Committee. This is due to outstanding appeals lodged in respect the 2010 Revaluation and subsequent material change of circumstances appeals, 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.
- 2.3 Voluntary Early Release and Redundancy Schemes have been approved by the Board at its meeting on 4th February 2011. Two employees have left under this scheme during 2013/14 and it is currently anticipated, at this early stage, that associated VERA and Pension Strain costs will be contained within the approved budget for 2013/14.
- 2.4 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 approved the retention of the under spends relating to financial years 2010/11 and 2011/12 totalling £270,000 to meet future costs arising from early release measures.
- 2.5 In addition to the above, unspent funds from 2012/13 of £129,000 were also carried forward. At its meeting on the 28th June 2013 the Board deferred a decision on this until the audited Financial Statements are presented in November 2013. The cost implications of unexpected building repairs will be quantified at the meeting in November to enable the Board to take a decision on whether or not this is retained and ring-fenced for property repairs or refunded in whole or part to constituent authorities.
- 2.6 2013/14 represents a year of considerable uncertainty and consequently risk. Additional work is required with the refresh of AVPI's, the collection of data relating to 16 and 17 years olds during this year's canvass for the Scottish Referendum is an additional burden, and various elements of the transfer to Individual Electoral Registration are proving challenging. Every effort shall be made to contain the impact of these issues within budget and future projections shall provide the Board with an indication of the final impact they may have on budget outturn.

3 Conclusions

- 3.1 At this stage, there is a projected net under spend of £45,000 relating to Financial Year 2013/14. Further reports will be presented on the current year financial position in November 2013 and February 2014.
- 3.2 The Board has no power to establish a general reserve, however previous year unspent funding contributions of £270,000 have been carried forward as a creditor to meet liabilities arising through the Board's early release measures. A further £129,000 has been carried forward from 2012/13.

4 Recommendations

The Board is recommended to note the financial statement for the three month period to 31st June 2013 together with the year end projections.

Hugh Dunn
Treasurer

Appendices	None
Contact/Tel:	Mr. T.MacDonald: 0131 469 3078
Background Papers	Held at the Office of Treasurer