

Period 7 Financial Statement 2014/15

17th November 2014

1 Purpose of report

This report summarises the projected revenue budget outturn position to 31st March 2015, based on the position at period ending 31st October 2014. The report has been prepared in consultation with the Assessor.

2 Main Report

Projected Revenue Outturn 2014/15

- 2.1 The table below compares projected revenue outturn 2014/15 with the budget. The forecast variance, based on the position at 31st October, is an under spend of £3k. The table below details forecasts against the core revenue budget and Individual Electoral Registration (IER) income/expenditure that is subject to specific grant funding.

	Core Budget			IER Budget			Total		
	Budget £'000	Forecast £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000
Expenditure									
Employee costs	4,562	4,565	3	0	156	156	4,562	4,721	159
Premises costs	629	615	(14)	0	0	0	629	615	(14)
Transport costs	103	106	3	0	4	4	103	110	7
Supplies & Services	695	690	(5)	0	202	202	695	892	197
Third Party Payments	95	109	14	700	338	(362)	795	447	(348)
Support Services	80	65	(15)	0	0	0	80	65	(15)
Gross Expenditure	6,164	6,150	(14)	700	700	0	6,864	6,850	(14)
Income									
Sales, Fees & Charges	(43)	(32)	11	0	0	0	(43)	(32)	11
IER Grant	0	0	0	(700)	(700)	0	(700)	(700)	0
Interest	(3)	(3)	0	0	0	0	(3)	(3)	0
Total income	(46)	(35)	11	(700)	(700)	0	(746)	(735)	11
Net Expenditure	6,118	6,115	(3)	0	0	0	6,118	6,115	(3)

Forecasts to 31st March 2015

- 2.2 At this stage, the projected outturn against the **core budget** indicates a forecast spend of £6.115m which would result in a net under spend of £3k. The forecast expenditure has increased by £8k from that reported to the Board in September 2014. It is anticipated that all IER expenditure incurred 2014/15 will be fully funded by Grant. The principal reasons for the variance against the core budget are as follows:

(a) **Employee cost - over spend £3k**

The forecast currently assumes additional costs being incurred in relation to the Scottish Independence Referendum (SIR), off-set by savings on vacant posts. A request has been submitted to the Scottish Government to request recovery of £115k of costs (£70k employee costs and £45k Postage) in relation to the SIR and the outcome is awaited.

- (b) **Premises costs - under spend £14k**
This is mainly due to a projected under spend on utilities costs.
- (c) **Supplies and Services – under spend £5k**
This is mainly due to increased levels of publicity for electoral registration relating to the Scottish Independence Referendum, off-set by forecast under spends over various budget headings.
- (d) **Third Party Payments - over spend £14k**
This is a result of a higher than anticipated activity of the Valuation Appeals Committee.
- (e) **Support Services – under spend £15k**
The forecast has been based on the outturn for 2013/14. This will be reviewed later in the year when information becomes available for 2014/15.
- (f) **Income (sales, fees and charges) – under recovery £11k**
This is an early estimate based on current income and the outturn for 2013/14. This will be reviewed later in the year, mainly in relation to sales of the electoral register which occurs during the final quarter of the financial year.

Individual Electoral Registration – funding available 2014/15; £0.7m

2.3 The table below details the one-off funding available for IER. The current forecast assumes that IER grant will either be fully spent during 2014/15 or any balance carried forward in to 2015/16. In terms of additional IER funding going forward, the Cabinet Office has indicated that a further IER Grant will be paid in 2015/16 so at this stage no budget pressure is assumed for 2015/16. The Board will be updated on this in February 2015.

Income	£'000
IER Grant funding 2014/15	594
IER Capital Hardware funding 2014/15	26
IER Grant funding carried from 2013/14	80
Total	700

- 2.4 Voluntary Early Release (VERA) and Redundancy Schemes were approved by the Board at its meeting on 4th February 2011.
- 2.5 In terms of Section 58 of the Local Government (Scotland) Act 1973, the Board has no specific power to retain reserves; however the Board has previously approved the retention of unspent funding contributions from constituent councils to meet future costs associated with early release measures, and, subject to further Board approval, any future unforeseen costs. The Board approved the retention of under spends for the four year period 2010-2014 totalling £514k. A drawdown of £93k was made during 2013/14, leaving a balance of £421k.

Budget settlement 2015/16

- 2.6 It is anticipated that the financial settlement for local government for 2015/16 shall be such that the Board will require to continue to set a budget within a 'flat cash' level of council requisition. This will provide a challenge to ensure that the Board can continue to deliver its statutory functions and services in addition to increased workloads associated with Individual Electoral Registration (IER), Westminster Parliamentary Election, and preparations for the 2017 Revaluation. While additional funding is being sourced centrally for the IER element of this

work, a constrained budget without the flexibility to react to unexpected costs is a concern. A budget report will be presented to the Board in February 2015 for approval. The report will also highlight the budget pressures facing the Board and measures to address these, including flexibility of carry-forward balances.

3 Conclusions

- 3.1 At this stage, there is a projected net under spend of £3k relating to Financial Year 2014/15.
- 3.2 The Board has no power to establish a general reserve; however a creditor has been set-aside to cover the cost of staffing early release measures. The balance available to the Board at 31st October 2014 is £421k.

4 Recommendations

- 4.1 The Board is recommended to note the projected outturn position for 2014/15.

**Hugh Dunn,
Treasurer.**

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