

Budget 2014/15 – Projected Outturn

16th March 2015

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 January 2015. 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 January 2015, is an under spend of £121k. 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	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure									
Employee costs	4,562	4,551	(11)	0	154	154	4,562	4,705	143
Premises costs	629	611	(18)	0	4	4	629	615	(14)
Transport costs	103	111	8	0	4	4	103	115	12
Supplies & Services	695	694	(1)	0	330	330	695	1,024	329
Third Party Payments	95	109	14	700	326	(374)	795	435	(360)
Support Services	80	65	(15)	0	0	0	80	65	(15)
Gross Expenditure	6,164	6,141	(23)	700	818	118	6,864	6,959	95
Income									
Sales, Fees & Charges	(43)	(141)	(98)	0	0	0	(43)	(141)	(98)
IER Grant	0	0	0	(700)	(818)	(118)	(700)	(818)	(118)
Interest	(3)	(3)	0	0	0	0	(3)	(3)	0
Total income	(46)	(144)	(98)	(700)	(818)	(118)	(746)	(962)	(216)
Net Expenditure	6,118	5,997	(121)	0	0	0	6,118	5,997	(121)

Forecasts to 31st March 2015

- 2.2 At this stage, the projected outturn against the **core budget** indicates net forecast expenditure of £5.997m which would result in an under spend of £121k.
- 2.3 The forecast reported to the Board in November 2014 was £6.115m (prepared based on cost information at 31st October 2014). The resulting reduction of £0.118m is principally due to the Scottish Government agreeing to refund Scottish Independence Referendum (SIR) costs of £110k which were subsumed within the forecasts reported previously. These costs are mainly in relation to staffing (£74k) and postage (£36k).

2.4 It is anticipated that all IER expenditure incurred 2014/15 will be fully funded by Grant.

2.5 The principal reasons for the variance against the core budget are as follows:

(a) **Employee cost - under spend £11k**

The forecast includes additional costs incurred in relation to the Scottish Independence Referendum as detailed in paragraph 2.3. These costs have been off-set by savings generated through vacant post management and staff turnover.

(b) **Premises costs - under spend £18k**

This is mainly due to a projected under spend on utilities costs.

(c) **Transport costs – over spend £8k**

General increase associated with external survey work.

(d) **Supplies and Services – under spend £1k**

Additional postage costs were incurred as detailed in paragraph 2.3. These have been managed through general budget under spends over a number of headings, mainly operational and computer equipment.

(e) **Third Party Payments - over spend £14k**

This is a result of a higher than anticipated activity of the Valuation Appeals Committee.

(f) **Support Services – under spend £15k**

The forecast is based on the latest information available; the budget was based on an estimate at Feb 2014.

(g) **Income (sales, fees and charges) – over recovery £98k**

As detailed in paragraph 2.3, a recovery of £110k costs in relation to the SIR has now been forecast. The costs associated are included within employee costs and supplies and services. Excluding this one-off income, an under-recovery of £12k has been forecast based on current income. This could vary depending on sales of the electoral register which occur during the final quarter of the financial year.

Individual Electoral Registration – funding available 2014/15; £818k

2.6 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.

Income	£'000
IER initial grant funding 2014/15	594
IER additional funding 14/15 (mainly Household Notification Letter)	107
IER Capital Hardware Funding 2014/15	26
IER Grant funding carried from 2013/14	80
Shared Services - IER costs recharged	11
Total	818

2.7 In terms of IER funding going forward, the Cabinet Office has indicated that a further IER Grant of £323k will be paid in 2015/16 so at this stage no budget pressure is assumed for 2015/16. As advised at the last Board meeting, the longer-term financial pressure arising from IER from 2016/17 onwards is difficult to predict without the ability to fully assess the 'business as usual' impact over a full year. Further work will be carried out to enable an assessment to be made during 2015/16.

- 2.8 Voluntary Early Release (VERA) and Redundancy Schemes were approved by the Board at its meeting on 4th February 2011.
- 2.9 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 balance available currently stands at £421k.
- 2.10 The Board approved a flat-cash budget of £6.118m for 2015/16 in February 2015. However, the longer-term funding assumptions for local authorities beyond 2015/16 and the financial impact of IER on the Board are subject to considerable uncertainty. The options available to the Board to address these challenges will be subject to review during 2015/16, however at this stage it is anticipated that any unspent requisition for 2014/15 will be transferred to the balance available to meet future costs associated with early release measures. The position will be reviewed when the 2014/15 audited financial statements are presented to the Board.

3 Conclusions

- 3.1 At this stage, there is a projected net under spend of £121k 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 January 2015 is £421k.

4 Recommendations

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

**Hugh Dunn,
Treasurer.**