

Period 3 Financial Statement 2017/18

21st August 2017

1 Purpose of report

This report summarises the projected revenue budget outturn position to 31st March 2018, based on the position at period ending 30th June 2017. The report has been prepared in consultation with the Assessor.

2 Main Report

Projected Revenue Outturn 2017/18 – Core Budget

2.1 The table below compares projected revenue outturn 2017/18 with the budget. The forecast variance, based on the position at 30th June, is an under spend of £0.062m.

	Core Budget £'000	Forecast £'000	Variance £'000
Expenditure			
Employee costs	4,570	4,408	(162)
Premises costs	599	515	(84)
Transport costs	96	96	0
Supplies & Services	750	750	0
Third Party Payments	82	82	0
Support Services	67	67	0
Gross Expenditure	6,164	5,918	(246)
Income			
Sales, Fees & Charges	(43)	(43)	0
Interest	(3)	(3)	0
Requisition	(6,118)	(5,934)	184
Total income	(6,164)	(5,980)	184
Net Expenditure	0	(62)	(62)

Forecasts to 31st March 2018 – Core Budget

2.2 At this stage, the projected outturn indicates a forecast under spend of £0.062m. With the exception of employee costs, premises costs and Constituent Council Requisition, all other budget headings have been forecast on budget as it is relatively early in the year to predict otherwise and there are no known material budget variances at this stage. A further 2017/18 budget update will be provided to the Board in November.

2.3 The principal reason for the budget under spends reported is as follows:

- Employee costs - £0.162m under spend - the interim acting arrangements for the Assessor and Depute Assessor has resulted in the non-recruitment to the post of Head of Valuation Services. This position has been forecast for the full year and would result in a saving of £0.093m. The forecast may change following a Board decision to review the current acting arrangements. The balance relates mainly to savings on staff who have reduced their working hours.

- Premises costs - £0.084m under spend - following the 2017 Revaluation, the rateable value of the Board's premises was reduced downwards in common with many other office properties throughout the Lothians.
- Constituent Council Requisition - £0.184m refund - in February 2017 the Board approved the refund of £0.184m from the Board's General Reserve. A reduced level of requisition from the £6.118m approved budget has therefore been forecast.

Individual Electoral Registration (IER)

- 2.4 The 2017/18 budget assumes that all costs will be met by grant from the Cabinet Office. Grant of £0.354m has been received for 2017/18 from the Cabinet Office and unspent grant of £0.265m was carried over from 2016/17. Total grant of £0.619m is therefore currently available to fund IER costs 2017/18. It should be noted that further grant awards are possible during 2017/18, the Board will be updated in future reports. It is not anticipated that costs will exceed grant, the Board will be updated on this in due course. For reporting purposes the current forecast assumes that all IER funds will either be fully spent during 2017/18 or any balance carried forward to 2018/19.
- 2.5 As reported to the Board previously, the introduction of the IER process has resulted in additional costs to the Board of approximately £0.400-£0.500m annually. These costs have so far been fully funded by Cabinet Office grant. The IER process remains under review and a funding commitment until 2019/20 was agreed by the previous UK Parliament. Following the recent general election an update is anticipated from the Cabinet Office on any change to the annual grant funding arrangements until 2019/20 as well as any improvements to the process that would enable the Board to reduce the current annual cost of IER.
- 2.6 The Board noted in February 2017 that the Assessor would report during the year on a service review geared around delivering both financial and service efficiencies. A separate Transformation Programme Update Report will be presented by the Assessor separately on this agenda.

General Reserve

- 2.7 The Board's general reserve balance currently stands at £1.011m. This includes the £0.262m under spend from 2016/17 reported previously on this agenda. The Board will require to take a decision on retention or refund of this under spend following the presentation and approval of the Audited Annual Accounts for the Year Ended 31st March 2017 at the next Board meeting. An update on financial risks will be presented to the Board at this time.

	£'000
General Reserve at 31.03.16	749
Requisition under spend 16/17	262
General Reserve at 31.03.17	1,011

3 Conclusions

- 3.1 At this stage, there is a projected net under spend of £0.062m relating to Financial Year 2017/18.

4 Recommendations

4.1 The Board is recommended to:

4.1.1 note the projected outturn position for 2017/18;

4.1.2 note that a further 2017/18 budget update will be presented in November.

**Hugh Dunn,
Treasurer.**