

Period 9 Financial Statement 2017/18

5th February 2018

1 Purpose of report

This report summarises the projected revenue budget outturn position to 31st March 2018, based on the position at period ending 31st December 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 31st December, is an over spend of £0.335m. This represents an increase of £0.419m to that reported in November.

	Budget £'000	P9 Forecast £'000	Variance £'000	P7 Forecast £'000	Movement £'000
Expenditure					
Employee costs	4,570	4,772	202	4,386	386
Premises costs	599	513	(86)	515	(2)
Transport costs	96	91	(5)	96	(5)
Supplies & Services	750	783	33	750	33
Third Party Payments	82	273	191	266	7
Support Services	67	67	0	67	0
Gross Expenditure	6,164	6,499	335	6,080	419
Income					
Sales, Fees & Charges	(43)	(43)	0	(43)	0
Interest	(3)	(3)	0	(3)	0
Requisition	(6,118)	(6,118)	0	(6,118)	0
Net Expenditure	0	335	335	(84)	419

- 2.2 The increase in expenditure forecast of £0.419m relates predominantly to the following:

- Employee costs - £0.386m increase – One-off staffing exit costs of £0.467m have now been included in the forecast relating to voluntary early release costs. **These costs will be funded from an ear-marked balance for VR costs contained within the Board's general reserve.** In total, thirteen staff have been approved to leave the organisation as a result of the Transformation and Cultural Change Programme. Six of these staff will leave before the end of this financial year realising £0.081m of 17/18 salary savings. The remaining seven will leave by 31st August 2018. **The Board should note that the incurrence of one-off exit costs was anticipated and has been reported regularly. The Board has retained a General Reserve for this purpose; the balance at 31st March 2017 was £1.011m.**

- Supplies and Services - £0.033m increase in forecast resulting from additional training and telephony costs.

Forecasts to 31st March 2018 – Core Budget

2.3 The projected outturn indicates a forecast over spend of £0.335m.

2.4 The principal reasons for the budget over spend are as follows:

- Employee costs - £0.202m over spend – One-off VR staffing exit costs of £0.467m and unbudgeted overtime of £0.057m have partially been off-set by savings associated with vacant posts/staff leaving prior to the end of the financial year totalling £0.322m. A number of vacant posts have been on hold as a result of the ongoing Transformation and Cultural Change Programme review.
- Premises costs - £0.086m 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.
- Supplies and Services - £0.033m over spend - Mainly increased telephony and training costs.
- Third Party Payments - £0.191m overspend. In February 2017, the Board approved the refund of £0.184m from the Board's General Reserve.

The Board should note that there's likely to be some movement between the reported forecast included in this report and the 2017/18 final outturn due to prepayment and accrual entries that are not identifiable at this stage.

Individual Electoral Registration (IER)

2.5 The 2017/18 budget assumes that all costs will be met by grant from the Cabinet Office. To date, total IER funding of £0.619m is available to fund IER costs 2017/18. IER costs 2017/18 will not exceed the grant, for reporting purposes the current forecast assumes that there will be a carry-forward of unspent IER funds to 2018/19. This is currently estimated at £0.327m.

2.6 As reported to the Board previously, the introduction of the IER process has resulted in additional costs to the Board of approximately £0.3m-£0.4m 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. If funding is not provided beyond 2019/20 then the Board will have to consider funding/savings options to meet any potential budget pressure from 2020/21 onwards.

General Reserve

2.7 The Board's general reserve balance currently stands at £1.011m. A reserves policy is presented for approval in the 2018/19 Budget Report presented next on this agenda. Based on the forecast over spend included within this report the general reserve balance would drop to £0.676m at 31st March 2018m.

3 Conclusions

3.1 At this stage, there is a projected over spend of £0.335m relating to Financial Year 2017/18, caused by staffing voluntary early release costs.

4 Recommendations

4.1 The Board is recommended to:

4.1.1 note the projected outturn position for 2017/18;

**Hugh Dunn,
Treasurer.**