

10.00am, Monday 16th September 2024

Period 4 Financial Statement 2024/25

1. Recommendations

The Board is recommended to note:

- 1.1 the projected outturn position for 2024/25;
- 1.2 the forecast of a net reserve drawdown of £0.124m required to achieve a balanced budget for 2024/25 and
- 1.3 the final outturn will be reported when the Annual Accounts are reported to the Board during 2025.

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Treasurer

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Period 4 Financial Statement 2024/25

2. Executive Summary

- 2.1 The forecast is for a net Reserve drawdown of £0.124m, based on the position at 31st July 2024. This represents a decrease of £0.016m from the net drawdown approved for the 2024/25 revenue budget and principally reflects the increased cost of the Local Government pay award for 2024/25, offset by reduced costs forecast for NDR Reform.

3. Background

- 3.1 The Board's Financial Regulations require presentation of quarterly expenditure monitoring statements. This report summarises the projected outturn at 31st March 2025, based on the position at 31st July 2024. The report has been prepared in consultation with the Assessor and ERO.

4. Main Report

- 4.1 The forecast is for expenditure of £6.529m on Assessor's services (core expenditure) and expenditure of £0.253m on Non-Domestic Rates Reform. A reserve drawdown of £0.256m will be required to meet core expenditure. Forecast expenditure on Non-Domestic Rates Reform will enable a contribution of £0.132m to the Board's earmarked balance to meet future NDR Reform costs.
- 4.2 The approved budget made provision of £0.148m for a 3% pay award. In August, a revised non-teaching pay offer was made to Local Government representative trade unions. The offer comprised a flat-rate uplift of £1,292 (based on a 37-hour week), or 3.6% increase, whichever is higher. The additional cost to the Board is estimated to be £50,000. Although the offer has not been accepted by all the trade union bodies, until further information is available, the additional cost is included in the forecast. An additional in-year Council requisition may be considered when the final cost and funding arrangements for the pay award are confirmed.
- 4.3 The forecast is for an underspend of £0.016m on employee costs, reflecting all employees anticipated to be in post for Lands Valuation, NDR Reform, Council Tax Valuation and Electoral Registration throughout 2024/25.

4.4 In April 2024, the Board received grant funding of £0.289m from the Department of Levelling Up, Housing and Communities for the Electoral Integrity Programme. This grant is forecast to be fully spent during 2024/25.

4.5 The table below compares projected expenditure for 2024/25 with the approved budget.

	Core Budget and Individual Electoral Registration			Non-Domestic Rates Reform Budget			Total		
	Budget £'000	Forecast £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000
Expenditure									
Employee costs	4,867	5,024	157	426	253	(173)	5,293	5,277	(16)
Premises costs	598	598	0	0	0	0	598	598	0
Transport costs	51	51	0	0	0	0	51	51	0
Supplies & Services	993	993	0	0	0	0	993	993	0
Third Party Payments	140	140	0	0	0	0	140	140	0
Support Services	67	67	0	0	0	0	67	67	0
Gross Expenditure	6,716	6,873	157	426	253	(173)	7,142	7,126	(16)
Income									
Government Grant	(289)	(289)	0	0	0	0	(289)	(289)	0
Sales, Fees & Charges	(42)	(42)	0	0	0	0	(42)	(42)	0
Interest	(13)	(13)	0	0	0	0	(13)	(13)	0
Total income	(344)	(344)	0	0	0	0	(344)	(344)	0
Expenditure less Income	6,372	6,529	157	426	253	(173)	6,798	6,782	(16)
FUNDING									
Council Requisition	(6,273)	(6,273)	0	(385)	(385)	0	(6,658)	(6,658)	0
Reserve (Drawdown)/Contribution	(99)	(256)	(157)	(41)	132	173	(140)	(124)	16
NET EXPENDITURE	0	0	0	0	0	0	0	0	0

4.6 All costs and income will be subject to ongoing review throughout 2024/25.

4.7 The Board retains a General Reserve of £0.783m. Of this, £0.200m is retained to meet the Board's commitment to a minimum level of Unallocated Reserve of 3%. £0.430m is retained to meet future costs of NDR Reform. The remaining Unallocated Reserve is therefore £0.153m.

4.8 Based on the forecast, a reserve drawdown of £0.256m will be required to meet core expenditure in 2024/25. Expenditure on NDR Reform is forecast to result in a further contribution to the Earmarked Reserve of £0.132m, resulting in an Earmarked Reserve of £0.562m. Overall, the Board Reserve balance is forecast to be £0.659m.

	Unallocated Reserve	Earmarked Reserve- NDR Reform	Total Reserve
	£'000	£'000	£'000
31 st March 2024	353	430	783
Forecast Contribution/ (Drawdown 2024/25)	(256)	132	(124)
Balance 31st March 2025	97	562	659
<i>Minimum Reserve target (3%)</i>	<i>200</i>		<i>200</i>

- 4.9 The Reserve balance will be reviewed, including an analysis of future commitments for NDR Reform, when the Board is presented with a revenue budget for 2025/26 for approval on 3rd February 2025.
- 4.10 An update on the financial risks is included at Appendix 1.

5. Background reading/external references

- 5.1 [Revenue Budget 2024/25 and Indicative Financial Plan 2025/26 - 2026/27 – report to Lothian Valuation Joint Board](#), 5th February 2024

6. Appendices

- 6.1 Appendix 1 – Financial Risk Analysis

Appendix 1 – 2024/25 Financial Risk Analysis

Risk	Detail	Mitigation
Pay Award	The 2024/25 revenue budget makes provision for a pay award of 3%. Each additional 1% is estimated to cost £50,000.	The financial impact of the proposed Pay Award for 2024/25 is included in the current forecast.
Office Energy costs	Energy budgets are based on full office occupancy and include an uplift for anticipated price increases. Given the current volatility in energy costs, there is a risk of additional costs.	Ongoing tracking of cost throughout 2024/25. Liaison with City of Edinburgh Council Energy and Sustainability Team.
Funding for additional costs of Non-Domestic Rates Reform	The Local Government Settlement included funding of £0.385m, which the Board has received. There is a risk as to funding settlements in future years.	Ongoing liaison between the Scottish Assessor's Association and Scottish Government.
Elections/Referendums – budget risk £0.050m	The possibility of either elections or referendums being called within short timetables, or dual electoral events occurring within a year is a financial risk in terms of staff overtime or the use of short-term temporary staff to meet the demand placed on the electoral registration process.	Ongoing tracking of cost throughout 2024/25.
Economic Changes	An increase in the number of rateable value appeals would have a significant impact on staff resources to achieve disposal by the statutory date of 31 December 2024.	Legislative changes being progressed by the Scottish Government may mitigate this risk.
Council Tax Reform	Any major legislative change to Council Tax that impacts on the Board is unlikely to be managed within current budgetary provision.	Ongoing liaison with Scottish Assessor's Association and Scottish Government.