

## Period 4 Financial Statement 2019/20

2<sup>nd</sup> September 2019

### 1 Purpose of report

This report summarises the projected revenue budget outturn position to 31<sup>st</sup> March 2020, based on the position at period ending 31<sup>st</sup> July 2019. The report has been prepared in consultation with the Assessor.

### 2 Main Report

#### Projected Revenue Outturn 2019/20 – Core Budget

2.1 The table below compares projected revenue outturn 2019/20 with the budget. The forecast variance, based on the position at 31<sup>st</sup> July, is an over spend of £0.089m.

	Core Budget			IER Budget			Total		
	Budget £'000	Forecast £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000
<b><u>Expenditure</u></b>									
Employee costs	4,532	4,621	89	44	49	5	4,576	4,670	94
Premises costs	540	540	0	0	0	0	540	540	0
Transport costs	76	76	0	0	0	0	76	76	0
Supplies & Services	750	750	0	216	216	0	966	966	0
Third Party Payments	82	82	0	0	335	335	82	417	335
Support Services	67	67	0	0	0	0	67	67	0
<b>Gross Expenditure</b>	<b>6,047</b>	<b>6,136</b>	<b>89</b>	<b>260</b>	<b>600</b>	<b>340</b>	<b>6,307</b>	<b>6,736</b>	<b>429</b>
<b><u>Income</u></b>									
Sales, Fees & Charges	(43)	(43)	0	0	0	0	(43)	(43)	0
IER Grant	0	0	0	(260)	(600)	(340)	(260)	(600)	(340)
Interest	(3)	(3)	0	0	0	0	(3)	(3)	0
<b>Total income</b>	<b>(46)</b>	<b>(46)</b>	<b>0</b>	<b>(260)</b>	<b>(600)</b>	<b>(340)</b>	<b>(306)</b>	<b>(646)</b>	<b>(340)</b>
<b>Net Expenditure</b>	<b>6,001</b>	<b>6,090</b>	<b>89</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,001</b>	<b>6,090</b>	<b>89</b>

#### Forecasts to 31<sup>st</sup> March 2020 – Core Budget

2.2 At this stage, the projected outturn indicates a forecast over spend of £0.089m. With the exception of employee costs 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 2019/20 budget update will be provided to the Board in November.

2.3 The principal reason for the budget over spend reported is as follows:

- Employee costs - £0.089m over spend – The Board were advised in February 2019 that the general reserve would be required to mitigate the cost of inescapable growth (pay awards, general increments and employer pension contribution rate increase) built in to the 2019/20 budget. This was estimated at £0.163m and balanced by a commensurate employee turnover factor within the 2019/20 budget. The current forecast assumes that £0.074m (45%) will be achieved through vacancy management. The over spend also includes the cost of 2019/20 career

progression increments which in Sept 2018 the Board approved to be funded by the general reserve. These were budgeted at £0.017m.

#### **Risk of changes to 2019/20 budget forecast.**

- 2.4 The Board should note that the key areas where 2019/20 forecasts could change in future reports relate mainly to employee costs, specifically in relation to Barclay resourcing requirements. The Assessor and ERO is currently considering options and an update will be provided in November.

#### **Individual Electoral Registration (IER)**

- 2.5 The 2019/20 budget assumes that all costs will be met by grant from the Cabinet Office. Grant of £0.228m has been received for 2019/20 from the Cabinet Office and unspent grant of £0.372m was carried over from 2018/19. Total grant of £0.600m is therefore currently available to fund IER costs 2019/20. It is currently forecast that £0.335m of unspent grant will be carried forward to 2020/21.
- 2.6 As reported to the Board previously, the introduction of the IER process has resulted in additional costs to the Board of approx. £0.260m per annum. These costs have so far been fully funded by Cabinet Office grant. The IER process remains under review and grant funding is due to cease from April 2020. The funding of IER costs beyond this period and options to reduce it through procedural change remain ongoing. The Assessor will provide updates to the Board when they become available. The carry-forward of unspent grant 2019/20 will be used to fund unfunded IER costs from April 2020.

#### **General Reserve**

- 2.7 The Board's unaudited general reserve balance currently stands at £0.897m. This includes the £0.099m under spend from 2018/19 reported previously on this agenda. This does not include the forecast overspend for 2019/20 of £0.089m reported above. The general reserve would reduce to £0.808m at 31<sup>st</sup> March 2020 on the basis of the forecast included in this report. An update on financial risks will be presented to the Board in November as part of a further update on the Medium-Term Financial Plan (noted by the Board in April 2019).
- 2.8 In February 2018 the Board approved a formal reserves policy based on holding a general reserve with a minimum value of 3% of annual requisition (£0.180m based on 2019/20 requisition). Balances held in excess of 3% require to be reviewed annually in-line with risk/identified commitments.

### **3 Conclusions**

- 3.1 At this stage, there is a projected net over spend of £0.089m relating to Financial Year 2019/20.

### **4 Recommendations**

The Board is recommended to:

- 4.1 note the projected outturn position for 2019/20;
- 4.2 note that a further 2019/20 budget update will be presented in November.

**Hugh Dunn,  
Treasurer.**

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