

Finance Update

Purpose

1. The purpose of this paper is to invite the Commission to consider its spending plans for the remainder of 2020–21 and beyond given the effects of the coronavirus pandemic and the progress of its reviews; the recent passing of the Elections (Reform) Scotland Act; and possible changes to the future work schedule of the Boundary Commission for Scotland (BCS), which may have implications for the workload of the Secretariat.
2. The Commission will wish to make its sponsor department in the Scottish Government aware if it now expects to spend considerably less than previously budgeted for this year.

Background

3. The Commission has received a letter of allocation from the Sponsor Department providing for a budget of £437,000, reflecting the budget outlined in the draft Corporate Plan considered by the Commission at its last meeting. Following discussion between the Secretariat and the Scottish Government, the letter sets out an understanding that the Commission's spending will not exceed £387,000. The Corporate Plan will be finalised and submitted after the Commission's consideration of this paper.
4. The text below discusses prospective savings, which are shown in the context of an initial budget of £437,000. These are summarised in Appendix A, which also includes a summary of the savings which the Secretariat considers most probable. Appendix B shows an illustrative forecast for the remainder of the year, which includes the savings the Secretariat considers most probable.

Progress of the Islands Reviews and Impact of Coronavirus

5. As the Commission has agreed Final Recommendations for Orkney Islands, Shetland Islands and Na h-Eileanan Siar, Revised Proposals and local inquiries for these areas will not be required. Removing these costs from the forecast would save c. £14,000 on Review Costs and c. £2,000 on Commissioners' fees and expenses.
6. The coronavirus has had the effect of requiring the Commission to hold its meetings by video conference; this is likely to remain the case for some time. With respect to the ongoing Islands Reviews, it has caused a delay to the Commission's consultations on its proposals with Argyll and Bute, Highland, and North Ayrshire councils. This will mean a later start to the Commission's public consultations on its proposals for those council areas, which are now planned to take place from October to December.
7. This delay means that following its consideration of the responses to the public consultations, the Commission is unlikely to have time to hold a further consultation on any Revised Proposals or hold local inquiries for these council areas. The funds set aside in the budget for these are therefore unlikely to be

required. Removing these costs from the forecast would save c. £43,000 on Review Costs and c. £5,000 on Commissioners' fees and expenses.

8. The impact of the coronavirus with respect to social distancing means that in the short to medium term, any meetings between Commissioners and members of the Secretariat with council representatives or community groups will be held remotely. As such, funds set aside for the travel and accommodation associated with such meetings in connection with the public consultation for the Islands–Mainland council areas (Argyll and Bute, Highland and North Ayrshire) will not be required. Similarly, the Commission will not hold any public meetings or local inquiries in the short to medium term, and the funds set aside for these in relation to the public consultations for the Islands–Mainland council areas will also not be required. Removing all of these costs from the forecast will produce additional savings of c. £14,000 on Review Costs, and c £5,000 on Commissioners' fees and expenses.

Strategy Seminars Costs

9. In its discussion of the draft Corporate Plan at its meeting of 4 February 2020, the Commission noted that it had planned for costs associated with potentially hosting a strategy seminar event, polling, and academic research in 2020–21.
10. It is probable that all of these activities could still be carried out in the context of the coronavirus and social distancing in the year ahead. However, the Commission may wish to consider whether it continues to plan to take these forward in this financial year, taking into account the effect of the coronavirus on its workload with respect to the Islands Reviews and the wider disruption to public life, particularly disruption likely to have affected potential participants and stakeholders.

11. The funds set aside in the budget are:

Venue Hire	£1,000
Polling	£20,000
Research	£7,500
Other	£1,000
Total	<u>£29,500</u>

N.B. The Research costs assume paying for one quarterly instalment in 2020–21.

The Commissioners' Fees and Expenses budget also included c. £5,000 associated with attendance and preparation for strategy seminar meetings in addition to normal commission meetings. Some or all of this could be saved if the Commission chose to carry out fewer or no activities related to Strategy Seminars this year.

Other Additional Costs Due to Coronavirus

12. The Secretariat is currently working from home as per Scottish Government guidance. This involves some cost for additional computer equipment, and may require some additional expenditure on furniture such as office chairs, and

some additional costs for occasional necessary journeys to the office, avoiding public transport.

13. The Secretariat is satisfied that these costs can be managed within its existing budgets.

Electoral Reform (Scotland) Act

14. On 3 June 2020 the Scottish Parliament passed the Electoral Reform (Scotland) Bill which received Royal Assent on 8 July. The Act moves the latest submission date for the Second Periodic Review of Scottish Parliament Boundaries from May 2022 to May 2025.
15. The Commission had anticipated that the submission date for the Second Periodic Review would be moved, and the 2020–23 draft Corporate Plan made provision for work on this Review to begin in 2021–22. It is now expected that this Review will begin in the 2022–23 financial year, based on the timing of the First Periodic Review of Scottish Parliament boundaries 2007–10; this will be reflected in future corporate plans.
16. At the time of writing it has not yet been determined when the provisions in the Electoral Reform (Scotland) Act which change the Commission's name from the "Local Government Boundary Commission for Scotland" to "Boundaries Scotland" will come into force. The Secretariat anticipates that if required, it can carry out the rebranding of its website and publicity materials within its existing Administration budget.

Boundary Commission for Scotland future workload

17. At the time of writing, the UK Parliament is considering changes to the legislation covering the work of the Boundary Commission for Scotland (BCS). One of the possible amendments would change the timing of future reviews (after the review scheduled to report in 2023) to reporting every eight years, rather than every 5 years as at present.
18. The effect of this would be that the BCS would be active significantly less than half of the time (UK Parliament reviews take approximately two and a half years). This may result in a review of the current 50/50 share of secretariat staff costs between the Commissions and higher costs falling to LGBCS.
19. The Secretariat will keep the Commission advised of developments in this area, with a view to the commissions agreeing a future share of secretariat costs when the future workload of both is clearer. This has no impact on the 2020–21 budget.

Additional Finance Notes

20. The Secretariat Staff Cost forecast has fallen by £11,000 due to the increase in staff costs resulting from the Scottish Government's pay settlement, and other tax, national insurance and pension changes being lower than forecast.

21. The Commissioners Fees and Expenses budget had provision for ten meetings in 2020–21. Based on the number of meetings held so far this year, and the estimated number of meetings to come, the number of meetings is now likely to be six. Based on estimated costs of c. £1,700 per meeting. This reduces the forecast by c £7,000.
22. The Accommodation cost forecast has fallen by c. £1,100, following the recent receipt of the estimated costs for 2020–21 from the landlords, the Scottish Legal Aid Board.
23. The Review Costs forecast has fallen by c £10,500, as the Secretariat paid fees for the use of the consultation portal for 2020–21 on receipt of the invoice from Citizen Space in March 2020.

Summary

24. If the Commission agrees the savings identified in this paper and summarised in Appendix A then forecast outturn for 2020–21 is c. £320,000 as shown in Appendix B. This would mean it is open to the Commission to give up around £50,000 in further savings to Scottish Government (savings over and above the £50,000 discussed in the Letter of Allocation) while ensuring it is resourced to deliver completion of the Island reviews by May 2021.

Conclusion

25. The Commission may wish to confirm savings related to the Islands Reviews and coronavirus, and any savings it may wish to make with regard to the planned strategy seminar, with a view to advising its sponsor department in the Scottish Government that these funds will not be required.
26. The Commission is also invited to note the potential effect of the Elections (Reform) Scotland Bill and any changes to the legislation governing the Boundary Commission for Scotland Act

Secretariat
July 2020

Summary of Possible and Prospective Savings

The table below summarises the potential savings discussed in the main body of the paper:

Summary of Possible Savings (not including "savings in Additional Finance Notes")	Comm Fees	Legal / Research	Review Costs	Total
No Revised Proposals or Local Inquiries in Islands-only council areas	£1,998	£0	£14,195	£16,193
No Revised Proposals or Local Inquiries in Islands-Mainland council areas	£5,328	£0	£42,895	£48,223
No Commissioner / Secretariat visits + no public meetings / Local Inquiries in support of public consultations in Islands-Mainland council areas	£5,328	£0	£14,440	£19,768
No Strategy Seminar activity in 2020-21	£5,220	£29,500	£0	£34,720

Appendix B shows a revised forecast, which includes the following savings, which the Secretariat has identified as most likely to be adopted by the Commission. The table below summarises those savings:

Prospective Savings included in Appendix B Forecast	Comm Fees	Legal / Research	Review Costs	Total
No Revised Proposals or Local Inquiries in Islands-only council areas	£1,998	£0	£14,195	£16,193
No Revised Proposals or Local Inquiries in Islands-Mainland council areas	£5,328	£0	£42,895	£48,223
No Commissioner / Secretariat visits + no public meetings in during public consultations for Islands-Mainland council areas	£5,328	£0	£14,440	£19,768
One fewer meeting held in relation to Strategy Seminar activity in 2020-21	£1,740	£0	£0	£1,740
Savings from "Additional Finance Notes" (fewer commission meetings; consultation portal)	£6,960	£0	£10,553	£17,513
Totals	£21,354	£0	£82,083	£103,437

Note

- The forecast in Appendix B also includes savings under from Staff Salaries discussed in the "Additional Finance Notes" section of the paper.

	Actuals				Forecast									Spend to Date	Balance to Spend		Overall Forecast	Forecast Remainder	
	Budget	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	(£)	(£)	(%)	(£)	(£)	(%)
Secretariat Staff Costs	167,673	12,466	13,668	13,067	13,067	13,067	13,067	13,067	13,067	13,067	13,067	13,067	13,067	39,201	128,472	77%	156,804	10,869	6%
Commissioners' Fees and Expenses	41,547	0	0	2,191	2,740	0	0	2,781	2,740	3,972	1,740	1,740	2,740	2,191	39,356	95%	20,644	20,903	50%
Subtotal	209,220	12,466	13,668	15,258	15,807	13,067	13,067	15,848	15,807	17,039	14,807	14,807	15,807	41,392	167,828	80%	177,448	31,772	57%
Accommodation	23,557	0	0	0	5,613	0	5,613	0	0	5,613	0	0	5,613	checksum: 0	0	100%	0	0	5%
Admin	39,660	10	60	4,461	3,427	6,190	763	329	3,563	2,333	11,016	6,084	613	4531	35,129	89%	38,849	811	2%
T&S	2,000	0	48	0	50	50	50	50	1,500	50	50	50	50	48	1,952	98%	1,948	52	3%
Legal and Research	34,500	0	0	0	0	0	5,000	0	0	20,000	2,000	7,500	0	0	34,500	100%	34,500	0	0%
Review Costs	127,302	0	0	0	1,860	0	0	28,001	0	0	3,500	11,860	0	0	127,302	100%	45,221	82,081	64%
Subtotal	227,019	10	108	4,461	10,950	6,240	11,426	28,380	5,063	27,996	16,566	25,494	6,276	4579	222,440	98%	142,969	84,050	37%
Overall	436,239	12,476	13,776	19,719	26,757	19,307	24,493	44,228	20,870	45,035	31,373	40,301	22,083	checksum: 0	0	89%	0	0	27%
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