

## COSLA Draft Budget FY23-24

### Summary and Recommendations

The purpose of this report is to seek approval from Convention for the COSLA operating budget for the financial year ending 31 March 2024.

At Convention in March 2021, a four-year Budget was approved covering 1 April 2021 to 31 March 2025. This paper asks Convention to:

- i) approve an updated third year of that Budget, as recommended by the Audit Group, following their meeting on 9<sup>th</sup> March; and
- ii) note the potential need for members to be approached for an additional contribution due to the increasing requirement to obtain legal opinions on behalf of member Councils in relation to areas like the National Care Service, Education reforms, and Employers' responsibilities.

### References

Other relevant reports:

- 22-02-25 Convention Paper, Item 06 COSLA Budget 2022/23
- 21-03-26 Convention Paper, Item 08 COSLA Budget 2021/22 to 2024/25

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**March 2023**



## **COSLA Draft Budget FY23-24**

### **Proposal**

1. The purpose of this report is to seek approval from Convention for the COSLA operating budget for the financial year ending 31 March 2024.
2. At Convention in March 2021, a four-year Budget was approved covering 1 April 2021 to 31 March 2025. This paper asks Convention to:
  - i. approve an updated third year of that Budget. The updated position takes account of a number of factors, such as the Pay Awards from the last two years, the lack of uprating of National Insurance thresholds, and increases to energy costs.
  - ii. note the potential need for members to be approached for an additional contribution due to the increasing requirement to obtain legal opinions on behalf of member Councils in relation to areas like the National Care Service, Education reforms, and Employers responsibilities.

### **Proposed Budget for Year Ending 31 March 2024 (Appendix A)**

3. The four-year budget reflected Senior Management's view that taking a longer-term approach would allow for the effect of the virtually overnight disappearance of Conference Centre income (due to the COVID pandemic) to be spread over a longer time period, making it easier to absorb. The approach was driven by the goal that COSLA's general reserves, depleted by the impact of COVID, should return to a similar, prudent level by the end of the four years.
4. Some assumptions for the four-year period need replacing with actual experience. For example, the increased rate for employer pension contributions notified by Lothian Pension Fund (LPF) in April 2021; the introduction, by LPF, of a new approach to strain costs from February 2022; and the SJC Pay Awards agreed in December 2021 and November 2022. Relevant updates have been made to the Budget proposed for Year Ending 31 March 2024.
5. Other assumptions have been updated to accommodate anticipated changes. For instance, the implementation of the IT support contract with Consider IT to replace the previous IT Officer and build in resilience to the organisation; higher energy prices; and the increasing requirement to obtain legal opinions on behalf of member Councils in relation to areas like the National Care Service, Education reforms, and Employers responsibilities. If this last requirement continues to increase, it may be necessary to approach members about an additional contribution.
6. The travel budget has also been increased to pre-pandemic levels. This was discussed at Audit Group, and clarification given on the rationale – namely that recent experience

shows that staff are beginning to be asked to attend some face to face meetings to complement the activity taking place remotely. This mirrors the increasing activity in the Conference Centre, reflecting a general desire to return to face-to-face events.

7. Actual results from Year One (FY21-22), and forecast results from Year Two (FY22-23), exceed the budgeted position for those years, by £445,000 and £250,000 respectively. This is partly the result of robust management and controlling of expenditure, particularly vacancy management, but also helped by higher-than-expected revenues from the myjobscotland recruitment website.
8. £465,150 of these 'better-than-forecast' results have been incorporated into Year three, ensuring that the bottom line matches that originally proposed, meaning that, despite all the loss of income and cost pressures, increases to membership fees can be held at the level budgeted in the four year scenario, approved by Convention in March 2021. The balance of the 'better-than-forecast' results allows a prudent sum (circa £230,000) to be retained for contingencies.
9. The main risk to the overall outcome is the performance of the Conference Centre. It is budgeted to contribute £276k to COSLA's bottom line in FY23-24. Senior Management receive regular updates on the performance of the Conference Centre, and likely future direction, so will be able to take mitigating action if it looks unlikely to achieve the target.

## **Conclusion**

10. Convention is asked to:
  - i. approve the updated third year of the previously approved four year Budget, as presented in **Appendix A**; and
  - ii. note the potential need for members to be approached for an additional contribution due to the increasing requirement to obtain legal opinions on behalf of member Councils in relation to areas like the National Care Service, Education reforms, and Employers responsibilities.

**March 2023**

<b>APPENDIX A</b>	<b>FY23-24 Budget Approved by Convention in March 2021</b>	<b>FY23-24 Amended Budget for approval</b>	<b>Change</b>	<b>Comments</b>
<b>EXPENDITURE</b>				
<b>Staff Costs</b>				
Salaries	2,178,600	2,360,000	181,400	Original Budget assumed 1% Pay Awards. FY21-22 was around 2%. FY22-23, 5%. A further 5% assumed for FY23-24
National Insurance	245,400	290,000	42,100	Consequent on Salaries increase
Pension Costs	674,400	804,000	129,600	Consequent on Salaries increase, plus increased contribution rate, and change to strain cost funding
Travel Costs and Expenses	9,800	20,000	10,200	Reflecting a return to pre-pandemic levels
Staff Training & Development	9,800	9,800	-	
Health & Safety	3,920	3,920	-	
Other Staff Costs	4,900	4,900	-	
<b>Sub-total</b>	<b>3,126,820</b>	<b>3,492,620</b>	<b>365,800</b>	
<b>Property Costs</b>				
Rents, Rates	588,100	588,100	-	
Service Charges	11,000	10,900	-	
Buildings Insurance	3,800	3,800	-	
Repairs & Maintenance	44,100	44,550	-	
Heating & Lighting	34,300	60,000	25,700	Reflecting increased energy bills
Conference Centre upkeep	39,200	39,200	-	
<b>Sub-total</b>	<b>720,500</b>	<b>746,200</b>	<b>25,700</b>	
<b>Operational Expenses (overheads)</b>				
Stationery & Printing	10,100	10,100	-	
Postage	500	500	-	
ICT (Licenses, Software, Hardware)	83,310	148,310	65,000	Reflecting the IT support contract that is replacing the former IT Officer
Annual Subscriptions	4,650	4,650	-	
General Insurance	16,660	16,660	-	
Communications	20,780	20,780	-	

Audit Fee	7,000	7,000	-	
Other professional fees	9,800	100,000	90,200	Increasing requirement to obtain legal opinions on matters such as NCS, Educational Reforms, Employer responsibilities.
<b>Sub-total</b>	<b>152,800</b>	<b>308,000</b>	<b>155,200</b>	
<b>Other Expenditure</b>				
Depreciation	60,000	50,000	(10,000)	Smaller items (for example, laptops) being used for longer and now expensed upon purchase
Office Bearers' allowances	109,500	109,500	-	
Office Bearers' expenses	14,700	14,700	-	
Research Studies	4,900	4,900	-	
Catering - internal	4,900	4,900	-	
Catering - external	105,000	105,000	-	
Catering Staff	35,250	50,000	14,750	Reflecting increased costs due to pay rises.
Conference Centre	18,750	18,750	-	
Bank Charges	1,960	1,960	-	
Miscellaneous	1,480	1,480	-	
myjobscotland	450,850	550,850	100,000	Reflecting inflation linked price rises and investment in additional functionality.
International	29,400	29,400	-	
<b>Sub-total</b>	<b>836,690</b>	<b>941,440</b>	<b>104,750</b>	
<b>TOTAL EXPENDITURE</b>	<b>4,836,810</b>	<b>5,488,260</b>	<b>586,450</b>	
<b>Income</b>				
Room Hire/Daily Delegate Rate	225,000	225,000	-	
Catering	187,500	187,500	-	
Annual Conference/Excellence Awards (net)	15,000	15,000	-	
Event Management	7,500	7,500	-	
Health Improvement Grant	50,000	50,000	-	
myjobscotland	330,000	350,000	20,000	Assumes levels of activity similar to FY21-22 and FY22-23.
Deposit Interest	20,000	50,000	30,000	Reflecting current higher interest rates.

Management Fee	188,800	350,000	161,200	Reflecting FY22-23, including Local Government Digital Office
<b>TOTAL INCOME</b>	<b>1,023,800</b>	<b>1,235,000</b>	<b>211,200</b>	
<b>Net Expenditure</b>	<b>3,813,010</b>	<b>4,253,260</b>	<b>375,250</b>	
Member Subscriptions	3,283,828	3,283,828	-	
Recruitment Portal (myjobscotland) Fees	516,400	491,500	(24,900)	Based on FY21-22 and FY22-23 experiences
<b>Operating Surplus/(Deficit)</b>	<b>(12,782)</b>	<b>(477,932)</b>	<b>(465,150)</b>	
<b>Absorbed by Property Reserve</b>	58,000	58,000	-	
<b>Improved FY21-22 &amp; FY22-23 results</b>		465,150	465,150	Actual results for FY21-22 and the forecast results for FY22-23 outperform the approved Budget for those years
<b>Transferred to General Reserve</b>	<b>45,218</b>	<b>45,218</b>	-	<b>Achieving no worse than this position is the primary focus of SMT, rather than individual budget lines</b>