



REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 7 FEBRUARY 2020

SUBJECT: REVENUE BUDGET MONITORING STATEMENT FOR THE PERIOD 1 APRIL TO 31 DECEMBER 2019

BY: TREASURER TO THE BOARD

1. REASON FOR REPORT

- 1.1 To consider the Revenue Budget Monitoring Statement for the period 1 April to 31 December 2019.
- 1.2 To consider the Estimated Outturn position for the year 2019/20.

2. RECOMMENDATION

2.1 It is recommended that the Board considers and notes:

- (i) Considers and notes the Revenue Monitoring Statement for the period 1 April 2019 to 31 December 2019;
- (ii) Considers and notes the estimated outturn forecast for the financial year 2019/20; and
- (iii) approves establishing an ear-marked reserve for NDR reform, with any unspent budget relating to NDR reform from the current year transferred to the ear-marked reserve at the year end.

3. CURRENT POSITION

- 3.1 At its meeting on 1 February 2019 the Board agreed the Revenue Budget for 2019/20 and approved that the requisitions from constituent authorities be set at £4,463,000.
- 3.2 **APPENDIX 1** shows the monitoring position to 31 December 2019. It gives details of the 2019/20 revenue budget, the actual to date and the variance to date. It also shows the estimated outturn and the estimated variance for the year. Total net expenditure to 31 December 2019 is £3,134,000 which results in an underspend against budget to date of £155,000.

- 3.3 To date there is £115,000 of an under spend within employee costs. Salaries, including on costs, are £111,000 under spent which directly relates to vacant posts and the interval that arises between filling posts. A temporary resolution to covering some vacancies has been the secondment of personnel from other posts. However this results in the substantive post then being unfilled, which is not workable in the long term. Recruitment is continuing to prove difficult due to the competitive salaries available in the private sector.
- 3.4 Property Costs to date are £4,000 under budget; which relates to a service charge adjustment for 2018/19 for Woodhill House. Energy costs at the Banff office are over budget to date.
- 3.5 Transport costs are slightly over budget to date but at a lower level to last year at the same point, and should come back in line with budget.
- 3.6 The total expenditure on Supplies and Services is £484,000 which is £21,000 underspent against budget to date.
- 3.7 Text & Reference books are over budget due to a five year subscription to a RICS online service, and will be adjusted to account for this prepayment.
- 3.8 Postages expenditure is over budget by £24,000, which includes costs incurred for the General Election in December 2019. The Postage budget was reduced this year by £60,000 down to the current budget of £220,000 after taking into account trends in previous years.
- 3.9 The IT maintenance and support budget shows an overspend to date of £6,000. As part of the Procurement Action Plan (PAP) being developed by the Assessor and Moray Council Procurement team, it was recommended that the IT category undergoes a detailed assessment as there are a number of IT suppliers delivering different technical aspect of the service requirements. This will be reported as any savings are identified.
- 3.10 Budget underspends to date include Printing and Stationery (£8,000), Canvass Expenses (£32,000) which is the Electoral Registration bulk printing costs, and Specialist Services (£17,000).
- 3.11 There are other minor overspends and underspends within Supplies and Services.
- 3.12 The support services charge is processed at 31 March as part of the year end closedown.
- 3.13 Government funding towards the cost of Individual Electoral Registration (IER) has been received since the last Board meeting; an allocation of £151,811. A justification-led bid for additional IER grant funding is not merited for 2019/20.
- 3.14 Other income received includes sales of electoral registers.
- 3.15 There are no other significant variances to report at this stage.

4. ESTIMATED OUTTURN 2019/20

- 4.1 The revenue budget is expected to be underspent by the year end and at this point in the year the variance is estimated to be an underspend of £212,000.
- 4.2 The largest underspend anticipated is in employee costs, with a projected variance of £213,000 by year end. Overtime from election is still to be administered, but an estimate of these costs has been included.
- 4.3 The budget for 2019/20 included provision to meet the preparations in terms of workforce and system developments necessary to deliver the NDR reforms, following the Barclay review. This budget was for additional staff and for IT costs. The Assessor intended to recruit part-time undergraduate students during 2019/20, with a view to offering them full-time employment from 2020/21, when the reforms will come on stream, following the enactment of the NDR Bill currently being debated in Holyrood. Budget provision of £37,000 was made in 2019/20 to cover four part-time student posts. The Assessor has been successful in appointing to one of the posts and is planning how to attract candidates going forward (e.g. school leavers, university students and graduates). Other budgeted costs were for upgrading the Scottish Assessors Association portal (£10,000) and other IT systems (£50,000). There have been delays in spend on IT due to staff being focussed on the unscheduled May and December 2019 elections. To mitigate this, the Assessor has brought forward expenditure on the civil penalty system, which is being progressed by Moray Council taxation staff, and as a result expenditure on NDR reform is currently estimated at £90,000. Actual expenditure could be less than this. To cover the slippage in spend into 2020/21, it is proposed that an earmarked reserve is created, allocating unspent budget on NDR reform to cover the implementation of the reform in future years. Any balance on this earmarked reserve, when NDR reform is fully implemented, would be returned to the constituent authorities.
- 4.4 Any unspent budget will be treated as with other requisitions by the constituent authorities; any surplus goes to the General Fund up to the permitted limit and any remaining balance would be refunded to the authorities.
- 4.5 Property costs are expected to be below budget. The insurance tender was recently evaluated through the PAP and a three year agreement reached, with savings of £5,000 in the first year and further discounts the following two years; this has been reflected in the estimated actual figures.
- 4.6 Transport costs, currently over budget to date, are forecast to be back in line with budget by year end.
- 4.7 Supplies and Services are estimated to be £39,000 over budget. Text & Reference books expenditure is expected to be back on budget after the prepayment adjustment.

- 4.8 It was reported at budget time that in a 'normal' year i.e. with no major election or referendum taking place, total postage costs are estimated at £200,000. There are still election postage costs being processed but it is estimated that the total postage costs this year will be £34,000 over budget.
- 4.9 Valuation appeals are estimated to be on budget.
- 4.10 Specialist Services was increased this year, and for the next four years, for the NDR portal costs. This heading also includes the external audit fee, pension fund fees and other portal costs, and is forecast to be on budget by year end.
- 4.11 Income from sales of the electoral register is difficult to predict with most sales occurring in the second half of the year. The outturn has been estimated below the budgeted level.
- 4.12 As stated in paragraph 3.13 the IER grant allocation awarded to Grampian VJB this year is £151,811.
- 4.13 The estimated outturn as shown in Appendix 1 is an underspend of £212,000.

5. CONCLUSION

- 5.1 The total net expenditure as at 31 December 2019 is £3,134,000; an underspend against budget to date of £155,000.
- 5.2 The estimated outturn is an underspend of £212,000.
- 5.3 The Assessor and his Senior Management Team closely monitor and control budgets in order to keep within agreed levels and generate savings wherever possible throughout the year.

Author of Report:	Susan Souter, Accountant.
Background papers:	Held within Accountancy Section, Moray Council