



REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 1 NOVEMBER 2019

SUBJECT: REVENUE BUDGET MONITORING STATEMENT FOR THE PERIOD 1 APRIL TO 30 SEPTEMBER 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 30 September 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) **The Revenue Monitoring Statement for the period 1 April 2019 to 30 September 2019 and;**
- (ii) **The estimated outturn forecast for the financial year 2019/20.**

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 30 September 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 30 September 2019 is £2,238,000 which results in an underspend against budget to date of £78,000.
- 3.3 To date there is a £94,000 under spend within employee costs. Salaries, including on costs, are £95,000 under spent which directly relates to vacant posts and the interval that arises between filling posts. When the budget was approved, the pay awards for 2018/19 and subsequent years had not been

agreed, but were budgeted for. Since then, a three year pay award from 2018/19 has been agreed and applied, so no variances are arising due to pay awards. Recruitment is continuing to prove difficult due to the competitive salaries available in the private sector.

- 3.4 It was reported at budget setting time that there was an increased workload arising from the Barclay review of Non Domestic Rates, and additional budget of £99,000 for staffing and other costs were approved. The distribution of the additional funding to local authorities hadn't been confirmed at the time of budget setting, but was subsequently confirmed in LGF Circular 2/2019 (Annex E) on 7th March 2019.
- 3.5 The Assessor intended to recruit undergraduates in year one, with a view to offering them full time employment from 2020/21. The budget is for four trainee Valuers budgeted at £37,000. They have been successful in appointing one of the posts and are interviewing shortly to fill the remaining three. The other NDR reform costs were for the SAA portal (£10,000) and IT systems (£50,000) which are on target.
- 3.6 Property Costs to date are £12,000 under budget; which mainly relates to a service charge adjustment for 2018/19 for Woodhill House. There are no other variances within this heading.
- 3.7 Transport costs are on budget to date and at a similar level to last year at the same point.
- 3.8 The total expenditure on Supplies and Services is £363,000 which is £28,000 overspent against budget to date.
- 3.9 The Assessor has been working with the Moray Council Procurement team to develop a Procurement Action Plan (PAP) that will assist with its procurement activity; as a public body, the Board and its Assessor is bound by EU, national and local legislation and regulation in relation to its procurement activity. This year the PAP will prioritise projects that are high risk, or collectively high value, in addition to the training needs of the GVJB staff. The prospect of achieving savings from suppliers will be monitored and reported to the Board.
- 3.10 The IT maintenance and support budget shows an overspend to date of £26,000. As part of the PAP 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.
- 3.11 Postages expenditure is on budget. The Postage budget was reduced this year by £60,000 down to £220,000 after taking into account trends in previous years. The Household Enquiry Forms and Invitations to Register comprise the bulk of the mailing, and these will all be completed mid-October.
- 3.12 There are other minor overspends and underspends within Supplies and Services.

- 3.13 The support services charge is processed at 31 March as part of the year end closedown.
- 3.14 Another key area of uncertainty is the level of government funding towards the cost of Individual Electoral Registration (IER). The 2019/20 budget report offered three different scenarios, as the level of funding hadn't been agreed, and the mid-point of £130,000 was adopted for the purposes of the 2019/20 budget. The Assessor received a letter in July 2019 notifying that the grant allocation for 2019/20 is £151,810. Later in the financial year the Cabinet Office will run a Justification Led Bid (JLB) process which will give an opportunity to claim for additional IER-related costs that have been incurred in the year. Any such costs and JLB claims will be reported to future Board meetings, although at this point it is not expected that a claim will be necessary.
- 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 halfway point in the year the variance is estimated to be an underspend of £245,000.
- 4.2 The largest underspend anticipated is in employee costs, at £207,000 by year end. In addition, there was an adjustment for vacancy management included in the budget of £76,000. With NDR reforms taking place, the ability of the service to recruit and retain qualified members of staff is already a concern, but is being addressed by focusing on recruiting and training undergraduates. The implications of having key positions vacant are the operational resilience of the service and its ability to meet statutory requirements. Valuation roll appeal resolution is of paramount importance to the business community and the focus of much political and media attention. If the service cannot fill posts that fall vacant in an appropriate timescale, the ability to meet the statutory deadline of December 2020 for appeal resolution is placed under threat.
- 4.3 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.
- 4.4 Supplies and Services are estimated to be £1,000 over budget by year end.
- 4.5 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. With an election or referendum this could be as high as £280,000. However, the current political climate, and uncertainty surrounding a further UK Parliament election, makes it extremely problematic to estimate the year end position. With this in mind, the estimated expenditure included in the Appendix is on budget.

- 4.6 Valuation appeals are estimated to be on budget. There are appeals cases due to be heard which could incur up to £20,000 of additional costs.
- 4.7 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. To this point this is forecast to be on budget.
- 4.8 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 at the budget level.
- 4.9 As stated in paragraph 3.14 the IER grant allocation awarded to Grampian VJB this year is £151,811.
- 4.10 The estimated outturn as shown in Appendix 1 is an underspend of £245,000.

5. CONCLUSION

- 5.1 The total net expenditure as at 30 September 2019 is £2,238,000; an underspend against budget to date of £78,000.
- 5.2 The estimated outturn is an underspend of £245,000.
- 5.3 An update on the estimated outturn will be reported to the Board at the meeting in February 2020.
- 5.4 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.

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