



Grampian Valuation Joint Board

Friday, 27 January 2023

SUPPLEMENTARY AGENDA

The undernoted reports have been added to the Agenda for the meeting of **Grampian Valuation Joint Board** on **Friday, 27 January 2023** at **09:30**.

BUSINESS

- | | | |
|-----|--|----------------|
| 5a. | Revenue Budget Monitoring Statement 1 April to 31 December 2022 | 5 - 14 |
| 5b. | Financial Planning for 2023-24 and Future Years | 15 - 26 |

GUIDANCE NOTES

- * **Declaration of Group Decisions and Members Interests** - At the beginning of the meeting, immediately following the Sederunt, the Convener will, in terms of Standing Order 25, seek declarations from individuals on any financial or other interests.

- ** **Written Questions** - Any member can put one question to the Convener about relevant and competent business not already on the Agenda for a meeting of the Board. No member can put more than one question at any meeting. The member must give notice in writing of their question to the Clerk 4 working days prior to the meeting. A copy of any written answer provided by the Convener will be tabled at the start of the relevant meeting. The member who has put the question may, after the answer has been given, ask one supplementary question directly related to the subject matter but no discussion will be allowed.

- *** **Question Time** - At each ordinary meeting of the Board, 10 minutes will be allowed for question time when any member can put one question to the Convener regarding any matter within the remit of the Board. The Member who has put the question may, after the answer has been given, ask one supplementary question directly related to the subject matter, but no discussion will be allowed. In the event of further information/investigation being required in order to answer the question, the Clerk will arrange for a written answer to be provided within 7 working days.



Grampian Valuation Joint Board

SEDERUNT

Councillor Donald Gatt (Chair)
Councillor Isobel Davidson (Depute Chair)

Councillor Desmond Bouse (Member)
Councillor Dell Henrickson (Member)
Councillor Seamus Logan (Member)
Councillor Neil MacGregor (Member)
Councillor Ciaran McRae (Member)
Councillor Sam Payne (Member)
Councillor Stephen Smith (Member)
Councillor Iain Taylor (Member)
Councillor Lynn Thomson (Member)
Councillor Judy Whyte (Member)
Councillor Marc Macrae (Member)
Councillor Sonya Warren (Member)

Clerk Name:	Tracey Sutherland
Clerk Telephone:	07971 879268
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REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 27 JANUARY 2023

SUBJECT: REVENUE BUDGET MONITORING STATEMENT FOR THE PERIOD 1 APRIL TO 31 DECEMBER 2022

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 2022.
- 1.2 To consider the Estimated Outturn position for the year 2022/23.

2 RECOMMENDATION

2.1 It is recommended that the Board considers and notes:

- (i) **The Revenue Monitoring Statement for the period 1 April 2022 to 31 December 2022; and**
- (ii) **The estimated outturn forecast for the year 2022/23.**

3. CURRENT POSITION

- 3.1 At its meeting on 4 February 2022, the Board agreed the Revenue Budget for 2022/23 (paragraph 4 of the Minute refers) be set at £4,896,000 and approved the requisitions to constituent authorities of £4,749,000, with £147,000 being funded from the earmarked NDR reserve.
- 3.2 **Appendix 1** shows the monitoring position to 31 December 2022 against the budget. It gives details of the 2022/23 Revenue Budget, actual expenditure to date and the variance of expenditure against budget to date. It also shows the estimated outturn and the estimated variance for the year. Alongside, the variance is further split into the core and NDR reform budgets.
- 3.3 The total net expenditure at 31 December 2022 is £3,258,000 which is an underspend against budget to date of £405,000.
- 3.4 There are currently 16 vacancies and recruitment is actively being carried out for 3 posts. The difficulty in recruiting suitable staff, particularly at qualified Valuer level, has been reported on several occasions over the years to the Board and it is understood to be a problem across the public and private sector. The Assessor met with Moray Council's HR Manager recently to

discuss ways to address this issue and a further round of recruitment is expected shortly.

4. YEAR TO DATE VARIANCES

Core Budget

- 4.1 Appendix 1 shows the actual to budget variances to 31 December 2022, and also how this variance is split between core budget and NDR reform budget. This section will first look at the core budget variances which has an underspend to date of £251,000.
- 4.2 There is £79,000 underspend against budget to date within employee costs for core staff. The variance arises from vacant posts mentioned above in paragraph 3.4.
- 4.3 Accommodation costs are within budget, as the Woodhill House move is not going ahead this year.
- 4.4 Within Supplies and Services, there is an underspend in core budgets of £160,000 across the headings. ICT Maintenance and Supports costs are currently £118,000 under budget to date. The service have an agreement for shared IT services using, where possible, existing Aberdeenshire infrastructure. The budget this year includes £80,000 with initial start-up costs of £46,000, of which £35,000 are yet to be incurred. Part of this underspend arises from hardware costs that had been budgeted for new staff, but as previously mentioned, recruitment of staff has been challenging.
- 4.5 Valuation appeals are £55,000 under budget to date.
- 4.6 Postages are over budget by £30,000 at this point due to increases in prices.
- 4.7 Printing & Stationery costs are under budget by £21,000.
- 4.8 Transport costs are £9,000 over budget due to mileage of canvassers.
- 4.9 There are no other significant variances to report at this point in the year.

NDR Reform

- 4.10 There is £415,000 budgeted this year for continuing the implementation of the NDR reforms following the Barclay review. £147,000 will be funded from the balance in the earmarked reserve with a further £268,000 included in the requisitions from authorities.
- 4.11 Of the NDR budget, £359,000 is for staffing. As mentioned in para 3.4, it has not yet been possible to fill all the posts and advice on how to overcome this difficulty is being sought from Moray HR. Currently four Graduate Trainee Valuers, one Admin Assistant and two Clerical Officer posts have been filled from the NDR staffing budget. Two valuer posts remain vacant.
- 4.12 The remainder of the NDR budget is in Supplies & Services for Postages, ICT, subscriptions etc, but there has been minimal spend to date on these areas so far.

- 4.13 Due to the disruption caused by the Coronavirus pandemic, the Revaluation of non-domestic subjects which was to take place on 1 April 2022 under the Barclay Implementation legislation, has been delayed until 1 April 2023.
- 4.14 Any committed and unspent NDR Reform budget has been put to the earmarked reserve to be used to cover costs in future years. The NDR Reform Reserve balance currently sits at £408,000, and £147,000 of this has been included in the funding of 2022/23 expenditure. The Board will be kept up to date of the NDR Reform expenditure, and the requirement to utilise the reserve.

5. ESTIMATED OUTTURN 2022/23

- 5.1 Appendix 2 shows the estimated outturn and variances split between the core and the NDR Reform budgets.
- 5.2 The revenue budget is currently expected to be underspent by the year end and at this point in the year the estimated variance is an underspend of £442,000; £301,000 of core budget and £141,000 of NDR budget.
- 5.3 A substantial variance is due to ongoing vacancies within core and NDR budgets. The estimated outturn figures are based on the current establishment at the time of preparing this report rather than forecast filling any of the vacant posts, due to recruitment difficulties already mentioned.
- 5.4 The pay award for 2022/23 has been included in the budget at a 2.5% flat rate across all posts. The pay offer that has recently been agreed between Cosla and the Scottish Government has been backdated to 1 April 2022 and is now reflected in the figures. The Chief Officers pay award is still outstanding. An overall underspend in employee costs is projected; £173,000 in core and £119,000 in NDR reform.
- 5.5 Property costs are estimated to be over budget by £4,000 in total this year. The over spends to date are in NDR and water charges. The move to new office space in Woodhill House was delayed last year, and budgets for NDR, rent and service charges are at their original level. The relocation should create budget savings when settled. It should be highlighted that the service has its own contracts for gas and electricity for offices and the increase in energy prices will likely impact on the running costs in the future. Remedial works at the Banff office, costing in the region of £10,000 have been identified as needing done. They have not been built into the estimated actuals until quotes have been received, and will be updated in the next monitoring report.
- 5.6 Staff transport costs are forecast to be slightly under budget by £5,000 in total.
- 5.7 Supplies and services are forecast to be under budget by £115,000 in total against core budgets. Postage & ER Printing costs are forecast to be over budget by £30,000 due to price increases. Equipment costs include contract annual maintenance costs for various items of mailing equipment, and this budget is forecast to be over spent by £7,000, along with other minor over

spends totalling £7,000. Underspends are forecast in Printing and Stationery by £18,000, and Specialist Services by £16,000. The IT maintenance and support budget this year includes components over and above the routine core ICT budget; including one-off start up costs while the service move to a shared service with Aberdeenshire Council. These could be as much as £86,000 under budget by year end but if not incurred during 2022/23 will require to be carried forward into 2023/24. Valuation Appeals are forecasting to be underbudget this year by £39,000, against the £56,000 budget. Some of the functions of Valuation Appeals Committees (VACs) are being transferred to Scottish Courts and Tribunals Service from 1 April 2023 so savings in future years are expected. Forecast variances in supplies and services have been identified in the Appendix.

- 5.8 Income from sales of electoral registers occur in the second half of the year, when the register has been published. The outturn has been estimated at £2,000 above budget level.
- 5.9 Grant funding of £13,000 was received in November 2022 to cover costs that will be incurred as a result of new duties placed on EROs by the Elections Act 2022 Further details of this grant is detailed from section 5.13 below.
- 5.10 The estimated outturn as shown in Appendices 1 and 2 is an underspend of £442,000, of which £301,000 is core budget and £141,000 is the NDR Reform budget. Appendix 2 shows the estimated outturn and variances split between the core budget and the NDR Reform.
- 5.11 Of the £415,000 NDR Reform budget this year, £147,000 was budgeted to be funded from the earmarked reserve with £268,000 requisitioned from authorities. From the estimated outturn figures only £6,000 of the reserve will be needed this year, and the £141,000 projected underspend would remain in the earmarked reserve, bringing the balance down to £402,000.
- 5.12 It is not expected that use of the General Fund will be needed in 2022/23.

New Burdens Funding

- 5.13 Recently, all Electoral Registration Officers and Returning Officers were advised by letter of New Burdens funding being provided for the introduction of the Electoral Integrity Programme (EIP) from May 2023 across the UK. The EIP falls under the new Elections Act 2022 which contains measures such as introducing the requirement to show ID at polling stations, improving the accessibility of elections to make it easier for people with disabilities to vote, and bringing in changes to postal and proxy voting.
- 5.14 The funding will provide EROs the resources to deliver the changes required to cover additional staff, training and equipment costs.
- 5.15 Initial funding was provided to EROs at the end of November 2022, with further payments in April 2023 and April 2024. A justification led bid process will also be offered in Summer/Autumn 2023 and 2024.
- 5.16 The GVJB can expect grants to cover additional staff costs in connection with the new voter ID documents with the possibility of further funding in 2023 and

2024. Specialist equipment e.g. camera or scanner may also need to be purchased from the grant.

5.17 The Board will be kept up to date of this New Burdens funding.

6. CONCLUSION

6.1 The total net expenditure as at 31 December 2022 is £3,258,000 giving an underspend against budget to date of £405,000; £251,000 in core budgets and £154,000 in NDR Reform budgets.

6.2 The estimated outturn is an underspend of £442,000. Of this, £301,000 is a variance from the core budget which would be returned to authorities, and £141,000 from the NDR Reform budget which would remain in the earmarked reserve.

6.3 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 Alexander, Accountant.
Background papers:	Held within Accountancy Section, Moray Council
Date:	January 2023

GRAMPIAN VALUATION JOINT BOARD REVENUE MONITORING STATEMENT
FOR PERIOD 1 APRIL TO 31 DECEMBER 2022

Line
No.

	Total Budget 2022/23	Budget to Date 2022/23	Actual 31-Dec-22	Variance 31-Dec-22	Estimated Outturn 2022/23	Estimated Variance 2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Employee Costs						
1 Salaries	2,752	2,063	1,933	130	2,544	208
2 National Insurance	309	232	206	26	286	23
3 Superannuation	528	396	360	36	484	44
4 Additional Pensions	24	18	18	-	24	-
5 Other Employee Costs	1	1	2	(1)	2	(1)
6 Training	20	15	2	13	2	18
Total Employee Costs	3,634	2,725	2,521	204	3,342	292
Property Costs						
7 Accommodation Charges	330	261	263	(2)	333	(3)
8 Repairs and Maintenance	3	2	3	(1)	3	-
9 Energy Costs	13	10	9	1	14	(1)
10 Cleaning	4	3	2	1	4	-
Total Property Costs	350	276	277	(1)	354	(4)
Transport Costs						
11 Staff Travel and Subsistence	52	39	46	(7)	47	5
Total Transport Costs	52	39	46	(7)	47	5
Supplies & Services						
12 Equipment, Furniture & Materials	3	3	6	(3)	9	(6)
13 PPE	1	1	-	1	-	1
14 Reference Books	11	8	9	(1)	11	-
15 Printing & Stationery	33	25	4	21	16	17
16 Postages & ER Printing	293	218	234	(16)	323	(30)
17 Telephones	7	5	9	(4)	10	(3)
18 Advertising	7	7	-	7	7	-
19 IT Maintenance & Support	356	281	149	132	252	104
20 Valuation Appeals	56	57	2	55	17	39
21 Members' Allowances	4	-	-	-	4	-
22 Fees, Charges & Subs	8	6	1	5	3	5
23 Specialist Services	33	12	22	(10)	22	11
24 Conference Fees & Subsistence	2	2	-	2	2	-
25 Other Supplies & Services	2	2	4	(2)	6	(4)
Total Supplies & Services	816	627	440	187	682	134
Support Services						
25 Lead Authority Charge	59	-	-	-	59	-
Total Support Services	59	-	-	-	59	-
Gross Expenditure	4,911	3,667	3,284	383	4,484	427
Income						
26 Sales and Other Income	(13)	(4)	(13)	9	(15)	2
27 Government Grant	-	-	(13)	13	(13)	13
28 Interest on Revenue balances	(2)	-	-	-	(2)	-
Total Income	(15)	(4)	(26)	22	(30)	15
29 Net Expenditure	4,896	3,663	3,258	405	4,454	442
Funded from Reserves						
30 NDR Reform	(147)	-	-	-	(6)	(141)
31 Requisitions	(4,749)	(3,561)	(3,561)	-	(4,749)	-
32 (Surplus)/Deficit for Year	-	102	(303)	405	(301)	301

Breakdown of Actual Variance		
Core Budget Variance 31/12/2022	NDR Budget Variance 31/12/2022	Total Variance 31/12/2022
£'000	£'000	£'000
39	91	130
15	11	26
18	18	36
-	-	-
(1)	-	(1)
8	5	13
79	125	204
(2)	-	(2)
(1)	-	(1)
1	-	1
1	-	1
(1)	-	(1)
(9)	2	(7)
(9)	2	(7)
(4)	1	(3)
1	-	1
(1)	-	(1)
21	-	21
(30)	14	(16)
(4)	-	(4)
7	-	7
118	14	132
55	-	55
-	-	-
1	4	5
(4)	(6)	(10)
2	-	2
(2)	-	(2)
160	27	187
-	-	-
-	-	-
229	154	383
9	-	9
13	-	13
-	-	-
22	-	22
251	154	405
-	-	-
251	154	405

**GRAMPIAN VALUATION JOINT BOARD BUDGET
FOR PERIOD 1 APRIL TO 31 DECEMBER 2022**

		Core Budget				NDR Reform Budget				
Line No.	Total Budget 2022/23	Budget 2022/23	Actual 31-Dec-22	Estimated Outturn 2022/23	Estimated Variance 2022/23	Budget 2022/23	Actual 31-Dec-22	Estimated Outturn 2022/23	Estimated Variance 2022/23	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<u>Employee Costs</u>										
1	Salaries	2,752	2,481	1,821	2,359	122	271	112	185	86
2	National Insurance	309	280	195	266	14	29	11	20	9
3	Superannuation	528	476	339	449	27	52	21	35	17
4	Additional Pensions	24	24	18	24	-	-	-	-	-
5	Other Employee Costs	1	1	2	2	(1)	-	-	-	-
6	Training	20	13	2	2	11	7	-	-	7
Total Employee Costs		3,634	3,275	2,377	3,102	173	359	144	240	119
<u>Property Costs</u>										
7	Accommodation Charges	330	330	263	333	(3)	-	-	-	-
8	Repairs and Maintenance	3	3	3	3	-	-	-	-	-
9	Energy Costs	13	13	9	14	(1)	-	-	-	-
10	Cleaning	4	4	2	4	-	-	-	-	-
Total Property Costs		350	350	277	354	(4)	-	-	-	-
<u>Transport Costs</u>										
Staff Travel and Subsistence		52	46	44	44	2	6	2	3	3
Total Transport Costs		52	46	44	44	2	6	2	3	3
<u>Supplies & Services</u>										
Equipment, Furniture & Materials		3	2	6	9	(7)	1	-	-	1

13 PPE	1	1	-	-	1	-	-	-	-
14 Reference Books	11	11	9	11	-	-	-	-	-
15 Printing & Stationery	33	33	4	16	17	-	-	-	-
16 Postages & ER Printing	293	275	234	305	(30)	18	-	18	-
17 Telephones	7	7	9	10	(3)	-	-	-	-
18 Advertising	7	7	-	7	-	-	-	-	-
19 IT Maintenance & Support	356	338	149	252	86	18	-	-	18
20 Valuation Appeals	56	56	2	17	39	-	-	-	-
21 Members' Allowances	4	4	-	4	-	-	-	-	-
22 Fees, Charges & Subs	8	3	1	2	1	5	-	1	4
23 Specialist Services	33	25	10	10	15	8	12	12	(4)
Conference Fees &									
24 Subsistence	2	2	-	2	-	-	-	-	-
25 Other Supplies & Services	2	2	4	6	(4)	-	-	-	-
Total Supplies & Services	816	766	428	651	115	50	12	31	19
<u>Support Services</u>									
25 Lead Authority Charge	59	59	-	59	-	-	-	-	-
Total Support Services	59	59	-	59	-	-	-	-	-
Gross Expenditure	4,911	4,496	3,126	4,210	286	415	158	274	141
<u>Income</u>									
26 Sales and Other Income	(13)	(13)	(13)	(15)	2	0	0	0	0
Government Grant and									
27 recharges	0	0	(13)	(13)	13	0	0	0	0
Interest on Revenue									
28 balances	(2)	(2)	0	(2)	0	0	0	0	0
Total Income	(15)	(15)	(26)	(30)	15	0	0	0	0
29 Net Expenditure	4,896	4,481	3,100	4,180	301	415	158	274	141

30 Funded from Reserves									
31 NDR Reform	(147)	0	0	0	0	(147)	0	(6)	(141)
32 Requisitions	(4,749)	(4,481)	(3,360)	(4,481)	0	(268)	(201)	(268)	0
				0					
33 (Surplus)/Deficit for Year	0	0	(260)	(301)	301	0	(43)	0	(0)



REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 27 JANUARY 2023

SUBJECT: FINANCIAL PLANNING FOR 2023/24 AND FUTURE YEARS

BY: TREASURER TO THE BOARD

1. REASON FOR REPORT

- 1.1** To consider the three year Revenue Budget from 2023/24 and to agree the requisitions for 2023/24 from the three constituent authorities.

2. RECOMMENDATIONS

2.1 It is recommended that the Board approves:

- (i) Three year Revenue budget from 2023/24;**
- (ii) Requisitions to the constituent authorities for 2023/24 to be set at £5,034,000 as detailed in the table in paragraph 6.3;**
- (iii) The planned use of £163,000 from the NDR Reform reserve to cover budgeted spend in 2023/24.**

3. BACKGROUND

- 3.1** The main issues for the Assessor's service to be addressed in setting the budget are:

- Financial uncertainty in key areas, particularly salaries, accommodation and postages
- Level of staff turnover/challenges in recruiting and retaining staff
- Implementation of NDR reform
- Implementation of changes brought in by Elections Act
- The continuing pressures that the coronavirus outbreak has had on the operations of the organisation

- 3.2** At the Board meeting on 28 October 2022, the Board were presented with a draft three year budget for discussion. The report included the NDR reform budget, identified separately in the appendix, and outlined various scenarios for the pay award, with the mid-point 5% built into the indicative budget. Other

areas for discussion included accommodation costs and in particular the move to a new office suite within Woodhill House. IT support services were also presented, with possible savings reflected in 2024/25. It was highlighted that costs were expected to increase for Electoral Registration postage although no this had not been quantified in the draft budget. This report will bring the Board up to date on matters arising since the last meeting, and amend the proposed budget as required

4. CURRENT POSITION

- 4.1 The Revenue Monitoring report to 31 December 2022, in a separate report to this Board meeting, discusses the reasons for variances that are having an effect on the service. These issues are discussed in more detail below and incorporated in the budget.

5. BUDGET PROPOSALS 2023/24

- 5.1 **Appendix 1** shows the current indicative core budget for each of the three years ahead split between core and NDR.

Salaries and Recruitment

- 5.2 Salaries and employers' on-costs make up approximately 75% of the net expenditure budget of the service. The service is reliant on recruiting and retaining professional staff in order to carry out its statutory functions. However, it has regularly been reported in the budget monitoring reports to the Board that the recruitment of staff is a difficulty for the service, and is believed to be a common problem in both the public and private sector.
- 5.3 The budget for 2023/24 includes a 10% recruitment and vacancy adjustment in the budget, to incorporate an average level of vacancies and the interval that arises between filling posts. There is a risk associated with this concept, however, as the service aims to have a full staffing complement.
- 5.4 The 1.25% increase in National Insurance contributions introduced in April 2022 were reversed from 6 November 2022, and this change has been reflected in the budget figures. This reduces the budget required by approximately £30,000 each year.
- 5.5 The impact of a range of possible pay awards was explained in October's financial planning report and are shown again in the table below. These figures are for all establishment core posts only, excluding the NDR posts, as these would be funded from the earmarked reserve. The figures used include employers' on-costs (National Insurance and Superannuation), take account of any salary increments due and are before any vacancy factor has been deducted. Per the table, a 2% pay award has an impact of around £91,000-£93,000 in salary costs in each of the next three years, a 5% pay award increases the budgeted staff costs between £206,000 and £224,000, and a 7% pay award ranges from £283,000 to £312,000 increase per annum. The midpoint assumption of 5% has been included in the draft budget presented in **Appendix 1**.

Scenario	Impact on 2023/24 budget £000	Impact on 2024/25 budget £000	Impact on 2025/26 budget £000
2% pay award	91	93	91
5% pay award	206	217	224
7% pay award	283	303	312

- 5.6 Additional budget of £27,000 has been added to salaries and training to cover training and staff costs associated with the Electoral Integrity Programme (EIP). These costs are funded by a grant given to local authorities. This is detailed further in section 5.18 of this report.

Accommodation

- 5.7 Mentioned in the budget monitoring report to this Board, the move to a new office suite within Woodhill House has been delayed and reconfiguration works are yet to commence at the time of writing this report. The 2021/22 budget included part year savings for the new office accommodation, and these were reinstated in 2022/23 when no date was set for the move and the current rental and service charges would continue until the relocation. At the time of writing, the latest update that has been received from Aberdeenshire Council has indicated that although discussions are ongoing to progress matters, nothing has yet been agreed. It is therefore unlikely that that a move will take place before late 2023/24. The draft Heads of Terms for the proposed lease has been received which would result in a reduced rental and service charge. The full year savings, taken by comparing the 2022/23 budget and the proposed budget is shown in the table below.

Woodhill House budgets	Proposed £000	Current £000
Rent	22	125
Service Charge	90	70
Rates	61	74
Refurbishment costs (one off)	20	-
Total	193	269

- 5.8 The proposed terms would result in an estimated budget reduction of £76,000 in 2024/25, including the one off refurbishment costs, which will more than likely be higher than the originally quoted figure due to construction inflation. With additional resilience provided by the lower cost satellite offices in Elgin and Banff, future savings are possible.

IT and procurement

- 5.9 As reported in October, the Assessor had been working with Aberdeenshire Council on a Service Level Agreement where Aberdeenshire provide ongoing IT support services to the Valuation Board and the new arrangements are now operative, with Aberdeenshire providing an ICT service using, where possible, existing Aberdeenshire infrastructure. Initial costings provided to the Board

for start-up cost was £45,750 of which around £35,000 has still to be incurred. The vacant IT Manager post was removed from the establishment in 2022/23 as a result of the change.

- 5.10 There is still some work to be carried out to establish what other costs would have to be paid for by the board, e.g. specialised software licensing and support and other IT budget savings are currently being explored. Until the network and infrastructure are moved wholly over to Aberdeenshire, the Assessor will need to keep paying most of the costs. As it looks as though this will not progress until Q2 of 2023/24 they will have to continue with the current contracts for another year, the core IT budget will need to be £320,000.
- 5.11 If all goes to plan, potential savings within ICT will then be realised. These figures are therefore reflected in the 2024/25 budget in the Appendix, as a reduction in the budget of £165,000.

Other Costs and Savings

- 5.12 Staff travel costs arise from staff travelling to site inspections. Recent changes in working practices to obtain relevant information from sources other than visual inspection – such as building warrants, completion certificates – has led to a reduction in travel costs. Although this shift has produced benefits, there may be an increased requirement for physical inspections during 2023/24 following the 2023 Revaluation and the associated NDR reforms. The proposed budget is therefore unchanged from 2022/23.
- 5.13 The service has a minimal budget for furniture and equipment. There may be the requirement to replace furniture in the relocated offices in Woodhill House, which is not currently budgeted for.
- 5.14 Printing and Stationery budgets have been reduced in 2023/24 and generated a saving of £16,000.
- 5.15 Postages and Electoral Registration Printing budgets have been increased by £55,000 to reflect the increase in prices which are currently around 20% higher than they had previously been.
- 5.16 Specialist Services budget has been reduced, creating a saving of £4,000 each year. This budget includes the external audit fee, the actuary recharge for the pension fund disclosure and disclosure checks.
- 5.17 A movement in some of the functions of the Valuations Appeals Committee (VAC) over to the Scottish Courts and Tribunals Service will mean less Valuation Appeals expenses and so the £26,000 budget for VAC panel costs has been removed from 2023/24 onwards. The £30,000 budget for VAC costs (Counsel and solicitor fees) will still be required.

New Burdens Funding

- 5.18 As discussed in the revenue monitoring report to this meeting, funding has been given to EROs for the introduction of the Electoral Integrity Programme (EIP) from May 2023 across the UK, in order to meet the requirements of the

Elections Act 2022. New measures are required such as introducing the requirement to show ID at polling stations, improving the accessibility of elections to make it easier for people with disabilities to vote, and bringing in changes to postal and proxy voting.

- 5.19 Initial funding was provided to EROs in November 2022, with further payments in April 2023 and April 2024. A justification led bid process will also be offered in Summer/Autumn 2023 and 2024.
- 5.20 The GVJB can expect grants to cover additional staff costs in connection with the new voter ID documents with the possibility of further funding in 2023 and 2024. Specialist equipment e.g. camera or scanner may also need to be purchased from the grant.
- 5.21 £12,969 was received in November 2022 and £14,023 will be received in 2023/24.

NDR Reform

- 5.22 The NDR Reform budget for 2022/23 was the amount expected to be included within the local government settlement plus committed amounts carried forward from previous years that was to be funded from the earmarked reserves.
- 5.23 The total funding allocated to the three authorities in 2023/24 is £268,000 (Aberdeen City £104,000, Aberdeenshire £120,000, Moray £44,000) and this, along with £163,000 from the NDR Reform reserve is the budget.
- 5.24 The remaining balance in the NDR Reform reserve is available should there be an opportunity to move forward with any previously delayed ICT projects. The current balance on the earmarked NDR reserve is £408,000 with a forecast underspend in 2022/23 of £141,000. Per the estimated actuals only £6,000 would be required to be funded from the reserve, bringing the balance down to £402,000 at 31 March 2022.
- 5.25 The budget for 2023/24 onwards is the originally planned budget for the year included within the local government settlement.

Reserves

- 5.26 It is not expected that the use of reserves will be required to balance spend in 2023/24 and reserves at 31 March 2023 will remain at the maximum approved level of £224,000, after transferring the estimated surplus from 2022/23. At its meeting on 3 March 2020 the Board approved that a minimum general reserve of 2.5% of estimated annual net expenditure would be maintained. Based on the proposed 2022/23 estimated net expenditure of £4.2 million, this equates to a minimum general reserve of £105,000. The Board therefore has flexibility to use up to £119,000 to cushion the impact of inflation on its budget for 2023/24. Given the level of uncertainty over pay awards, the quantification of risk summarised in paragraph 5.26 below and the observations on balance of risk referred to in paragraph 3.1 the Board may consider it prudent not to plan use of reserves and the draft budget reflects that prudent position.

Risks

- 5.27 Various financial risks have been identified throughout the report and are summarised here for ease of reference. Many of the budget savings are dependent on external factors and phasing them into the proposed budget has associated risks. It should be noted that the total risk identified exceeds the maximum general reserve permitted to be held and that indicates that there is little scope for the Board to reduce the draft budget expenditure. The Board can only requisition once and the only scope for covering additional expenditure if these risks crystallise is use of general reserve.

Risk	Para ref	Potential impact £000s
Insufficient allowance for pay award (5% to 7% including oncosts)	5.5	77
Above average vacancy factor (5% to 10%)	5.3	198
Woodhill House relocation doesn't go ahead	5.7	76
ICT savings (realised in 2024/25)	5.9	165
Valuation appeals	5.17	26
Total		540

- 5.28 There are also risks arising from changing service requirements, which can also affect the financial requirements of the service.
- 5.29 The proposed 2023/24 Revenue Budget is shown in the Appendix. The proposed net expenditure budget is an increase of £314,000 from 2022/23, of which £298,000 is an increase in the core budget, and an increase of £16,000 in NDR Reform budget, with a requirement of £163,000 to be funded from NDR reserves and £13,000 from the Electoral Reform reserve. The total net increase in requisitions is £285,000 and is summarised below, separated into core budgets that are controlled by the Board, and the budget for the NDR Reform requirements.

Budget movements 2023/24	£000s
Impact on core budget	
<u>Increases</u>	
Staffing budget – 5% pay award, increments, travel	363
Energy Costs – Banff Office	2
Equipment Maintenance	6
Postages & ER Printing	55
Other Supplies & Services	2
Lead Authority Charge	3
<u>Decreases</u>	
Staffing budget – Vacancy management	(33)

Accommodation Charges – rates reduction	(11)
Staff Travel and subsistence	(6)
Reference books	(1)
Printing & Stationery	(16)
IT Maintenance and Support	(18)
Valuation Appeals	(26)
Specialist Services	(4)
Income increase	(4)
Government Grant – Electoral Reform	(14)
Electoral Reform use of reserves	(13)
Net increase in core budget	285
NDR reform – increase in staffing and travel costs	34
NDR reform – reduction in other costs	(18)
NDR reform use of reserves	(16)
Total increase in requisitions from 2022/23 to 2023/24	285

6 REQUISITIONS

- 6.1 The table below shows the requisition for each constituent authority, in order to fund the Board's revenue budget for 2023/24 of £5,034,000.
- 6.2 The constituent authorities have previously agreed that expenditure by the Board should be apportioned between authorities pro rata to the population figures for each council. The population figures used are the latest published by the National Records of Scotland in their Mid-Year Population Estimates, for mid-2021.
- 6.3 The proposed requisitions of £5,034,000 are an increase in the 2022/23 requisitions by £285,000 in total.

	Population	Requisition %	Proposed Requisition 2023/24 £	Requisition 2022/23 £	Increase on 2022/23 Requisition %
Aberdeen City	227,430	38.77	1,951,959	1,857,750	5.1
Aberdeenshire	262,690	44.79	2,254,585	2,115,010	6.6
Moray	96,410	16.44	827,456	776,240	6.6
Total	586,530	100.00	5,034,000	4,749,000	6.0%

7. CONCLUSION

- 7.1 Preparing the three year Revenue Budget has been a challenging task, trying to balance the increasing demands made upon the service against the financial constraints imposed on the public sector.**
- 7.2 The Assessor has proposed savings and efficiencies where possible and has maintained the vacancy management factor within the core staffing budget. Senior Management will continue to look for efficiencies and savings in the budget.**
- 7.3 There is potential to use general reserves to cushion the impact of increased budgets, where these cannot be covered by savings. However, this should be balanced against the potential risks to the Board identified in this report which are estimated to potentially outweigh the general reserve held.**

Author of Report: Susan Alexander, Accountant
Background papers: Held within Accountancy Section, Moray Council
Ref:

GRAMPIAN VALUATION JOINT BOARD BUDGET

APPENDIX 1

Line No.	2022-23 Core Budget	2022-23 NDR Budget	2023-24 Core Budget Proposed	2023-24 NDR Budget Proposed	2024-25 Core Budget Proposed	2024-25 NDR Budget Proposed	2025-26 Core Budget Proposed	2025-26 NDR Budget Proposed
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Employee Costs</u>								
1 Salaries	2,481	271	2,738	300	2,872	317	3,024	336
2 National Insurance	280	29	290	29	310	32	330	35
3 Superannuation	476	52	526	58	554	61	583	65
4 Additional Pensions	24	-	24	-	25	-	25	-
5 Other Employee Costs	1	-	1	-	1	-	1	-
6 Training	13	7	26	7	13	7	13	7
Total Employee Costs	3,275	359	3,605	394	3,775	417	3,976	443
<u>Property Costs</u>								
7 Accommodation Charges	330	-	319	-	253	-	235	-
8 Repairs and Maintenance	3	-	3	-	3	-	3	-
9 Energy Costs	13	-	15	-	15	-	15	-
10 Cleaning	4	-	4	-	4	-	4	-
Total Property Costs	350	-	341	-	275	-	257	-
<u>Transport Costs</u>								
11 Staff Travel and Subsistence	46	6	40	5	40	5	40	5
Total Transport Costs	46	6	40	5	40	5	40	5
<u>Supplies & Services</u>								

12 Equipment, Furniture & Materials	2	1	8	1	8	1	8	1
13 Protective Clothing	1	-	1	-	1	-	1	-
14 Text & Reference Books	10	-	9	-	9	-	9	-
15 Printing & Stationery	34	-	18	-	18	-	18	-
16 Postages & ER Printing	275	18	330	-	330	-	330	-
17 Telephones	7	-	7	-	5	-	5	-
18 Advertising	7	-	7	-	7	-	7	-
19 IT Maintenance & Support	338	18	320	18	155	18	155	18
20 Valuation Appeals	56	-	30	-	30	-	30	-
21 Members Allowances	4	-	4	-	4	-	4	-
22 Fees, Charges & Subs	3	4	3	4	3	4	3	4
23 Specialist Services	25	9	21	9	21	9	21	9
24 Conference Fees and	2	-	2	-	2	-	2	-
25 Other Supplies & Services	2	-	4	-	4	-	4	-
Total Supplies & Services	766	50	764	32	597	32	597	32
<u>Support Services</u>								
26 Lead Authority Charge	59	-	62	-	62	-	62	-
Total Support Services	59	-	62	-	62	-	62	-
Gross Expenditure	4,496	415	4,812	431	4,749	454	4,932	480
<u>Income</u>								
27 Sales and Other Income	(13)	-	(15)	-	(15)	-	(15)	-
28 Government Grant	-	-	(14)	-	-	-	-	-
29 Interest on Revenue balances	(2)	-	(4)	-	(4)	-	(4)	-
Total Income	(15)	-	(33)	-	(19)	-	(19)	-
30 Net Expenditure	4,481	415	4,779	431	4,730	454	4,913	480
31 Funded from Reserves								
32 NDR Reform	-	(147)	-	(163)	-	(36)	-	(62)

33 Electoral Reform

34 Requisitions

35 NDR Requisitions

36 (Surplus)/Deficit for Year

		(13)					
(4,481)	-	(4,766)	-	(4,730)	-	(4,913)	-
-	(268)	-	(268)	-	(418)	-	(418)
-	-	-	-	-	-	-	-

