



REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 1 FEBRUARY 2019

SUBJECT: REVENUE BUDGET MONITORING STATEMENT FOR THE PERIOD 1 APRIL TO 31 DECEMBER 2018

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 2018.
- 1.2 To consider the Estimated Outturn position for the year 2018/19.

2 RECOMMENDATION

2.1 It is recommended that the Board considers and notes:

- (i) **The Revenue Monitoring Statement for the period 1 April 2018 to 31 December 2018; and**
- (ii) **The estimated outturn forecast for the financial year 2018/19.**

3. CURRENT POSITION

- 3.1 At its meeting on 26 January 2018 the Board agreed the Revenue Budget for 2018/19 and approved that the requisitions from constituent authorities be set at £4,292,000.
- 3.2 **APPENDIX 1** shows the monitoring position to 31 December 2018. It gives details of the 2018/19 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 2018 is £2,976,000 which is an underspend against budget to date of £190,000.
- 3.3 To date there is a £140,000 underspend within employee costs; £81,000 of this relates to vacant posts and the remainder to the 2018/19 pay award budgeted for but not yet agreed.

- 3.4 It was reported at budget setting time that a vacancy management provision of £52,000 would be introduced to absorb any variance created by vacancies until there is someone recruited and in post. At this point of the year the provision to date is £35,000. When offset against the underspend in staffing, training and other employee costs, this provision reduces the variance on total employee costs to £140,000 under budget to date.
- 3.5 There are currently 3.4 FTE vacancies at various levels.
- 3.6 The 2018/19 pay award included in the budget is at rates contained in the Public Sector Pay Policy, set out by the Scottish Government in December 2017. The key features of the pay policy, which acts as a benchmark for all major public sector workforce groups across Scotland, are: an increase of 3% for those earning £30,000 or less; a limit of 2% for those earning above £30,000 and below £80,000; limiting the pay increase for those earning £80,000 or more to £1,600. This proposed pay award was rejected and at the time of writing this report the pay award for 2018/19 is still under negotiation, with the latest proposal being a 3.5% increase for salaries up to £80,000 and a flat rate £1,600 thereafter. This latest proposal has been incorporated into the estimated outturn figures for 2018/19.
- 3.7 Accommodation charges to date are £30,000 under budget; a credit of £35,000 was received in December 2018 for the reduction in service charge relating to the year 2017/18; a further £10,000 was accrued in 2017/18 for Woodhill House service charge adjustment which is still outstanding, creating a variance; there are budget overspends of £6,000 for NDR for the three office locations, and a further £9,000 of unbudgeted Land and Buildings Transaction Tax (LBTT), which is a tax applied on the purchase and lease of both residential and non-residential/commercial properties. Other minor variances in repairs and maintenance, and energy costs bring the total Property Costs variance to a £27,000 under spend.
- 3.8 Transport costs are over budget to date by £12,000 as a result of canvassing expenditure.
- 3.9 The total expenditure on Supplies and Services is £455,000 which is £54,000 underspent against budget to date, with minor overspends and underspends across the headings. The main variances are set out below.
- 3.10 Printing and stationery is £11,000 under budget to date but is expected to be back on budget by year end.
- 3.11 Postages are significantly under budget at this point of the year; with a variance of £44,000 reflecting the expected costs of a typical year in the service without an election and/or referendum.
- 3.12 Advertising is over budget due to a combined press and media campaign with other Assessors. This is an annual advertising campaign for IER.

- 3.13 The IT maintenance and support budget shows an overspend to date of £13,000. This is discussed in paragraph 4.6 below.
- 3.14 The initial Individual Electoral Registration (IER) grant awarded to Grampian VJB was £102,835, less than budget. The Assessor has recently submitted a Justification Led Bid (JLB) for £56,965 of additional IER-related costs that have been incurred in the year.
- 3.15 There are no other significant variances to report at this stage.

4. ESTIMATED OUTTURN 2018/19

- 4.1 The revenue budget is expected to be underspent by the year end and at this quarter three point the variance is estimated to be an underspend of £144,000.
- 4.2 The largest underspend anticipated is in employee costs, at £93,000. With expected vacancies throughout the year, and the effect that internal recruitment has on vacant posts, the estimated variance in salaries including National Insurance and Superannuation is £145,000. This underspend is reduced by the vacancy management provision of £52,000. The estimated actual figures in Appendix 1 have been calculated on the basis of the revised pay offer explained in paragraph 3.5 and include it backdated to the 1 April 2018 application date.
- 4.3 Property costs are expected to be £16,000 over budget. As mentioned in paragraph 3.7 NDR is over budget for the three offices and the renewal of the Woodhill House rental lease incurred an expense for LBTT that wasn't budgeted for.
- 4.4 Supplies and Services are estimated to be £34,000 under budget in total. As explained in paragraph 3.12, the underspend to date in postages is as a result of a typical year in the service without an election and/or referendum. Should this continue, an estimated outturn of £220,000 is forecast for this year against the budget of £280,000.
- 4.5 Advertising will be over budget by £6,000 as the combined Scottish Assessors campaign has already taken place. This advertising is likely to continue in future years and the budget will be addressed.
- 4.6 IT budgets are expected to be over budget by £21,000. This is due to the increased costs for the new Electoral Management System (EMS), including a SAN disk storage replacement that wasn't included when costing the project. A saving has been identified within an IT Analyst post that would offset this; this is included in the projected underspend in employee costs. The capital costs of the EMS project are estimated at £56,000 and will be met from the Capital Fund with any remaining costs from revenue.
- 4.7 Income from sales of the electoral register is difficult to predict with most sales occurring in the second half of the year. The £13,000 estimated outturn is

based on recent trends, and is higher than budget. This will be taken into account when setting next year's budget.

4.8 As stated in paragraph 3.16 the IER grant allocation awarded to Grampian VJB this year is £102,835. Assuming the justification led bid is successful the total income received towards IER will be £160,000.

4.9 The estimated outturn as shown in Appendix 1 is an underspend of £144,000.

5. GENERAL FUND

5.1 The General Fund balance at 31 March 2018 was £153,000.

5.2 The policy for the General Fund is to permit a transfer to fund restricted to 3% of the total budget in any one year and the cumulative balance of the fund cannot exceed 5% of the total budget.

5.3 The estimated outturn for 2018/19 is an underspend of £144,000. This would represent a transfer to the General Fund of £62,000, bringing the total balance to £215,000 at 31 March 2019, the maximum permitted. The remaining surplus of £82,000 would be refunded to constituent authorities on approval of the audited accounts.

6. CAPITAL FUND

6.1 The Capital Fund was established in 2002/03 using the Boards share from the sale of Woodhill House. The fund was retained in order to assist with any capital expenditure relating to office accommodation. The current balance of the Capital Fund is £55,000 and as indicated in paragraph 4.6 the procurement of the new EMS system will be part funded from the Capital Fund.

7. CONCLUSION

7.1 The total net expenditure as at 31 December 2018 is £2,976,000; an underspend against budget to date of £190,000.

7.2 The estimated outturn is an underspend of £144,000. Of this, an estimated £62,000 would be transferred to the General Fund, with a refund to authorities of £82,000.

7.3 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:
Background papers:

Susan Souter, Accountant.
Held within Accountancy Section, Moray Council