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**REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 28 OCTOBER 2022**

**SUBJECT: REVENUE BUDGET MONITORING STATEMENT FOR THE PERIOD 1 APRIL TO 30 SEPTEMBER 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 30 September 2022 and the estimated outturn position for the year 2022/23.

**2 RECOMMENDATION**

- 2.1 It is recommended that the Board consider and note:

- (i) the Revenue Monitoring Statement for the period 1 April 2022 to 30 September 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 30 September 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 30 September 2022 is £2,123,000 which is an underspend against budget to date of £321,000.
- 3.4 There are currently 14 vacancies and recruitment is actively being carried out for 2 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 its believed 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 30 September 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 £169,000.

4.2 There is £169,000 underspend against budget to date within employee costs for core staff. The variance arises from vacant posts mentioned above in paragraph 3.4 and a pay award for 2022/23 which has been budgeted for at 2% but not yet paid.

4.3 Accommodation costs are within budget, as the Woodhill House move is not expected to go ahead this year.

4.4 Within Supplies and Services, there is an underspend in core budgets of £42,000 across the headings. ICT Maintenance and Supports costs are currently £73,000 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.

4.5 Postages are over budget by £39,000 at this point.

4.6 Transport costs are on budget, and the lead authority charge is processed at year end during the accounts closedown.

4.7 There are no other significant variances to report at this half way point in the year.

##### **NDR Reform**

4.8 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.

4.9 Of the NDR budget, £359,000 is for staffing. As mentioned in para 3.4, recruitment is now being actively pursued for these NDR Reform posts although it has not yet been possible to fill all the posts. 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.

4.10 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.

- 4.11 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.
- 4.12 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 halfway point in the year the estimated variance is an underspend of £463,000; £297,000 of core budget and £166,000 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. Managing the service with the current level of vacancies means that overtime will be required until end of November to complete the current revaluation and a best estimate has been included in the estimated outturn figure.
- 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 will be backdated to 1 April 2022. The impact of this increase has been calculated and included in the forecast employee costs in the appendices. While the actual pay award is higher than budgeted, this can be contained within the budget and not require use of reserves or additional requisitions due to the large variance generated by vacancies. An overall underspend in employee costs is projected; £151,000 in core and £125,000 in NDR reform.
- 5.5 Property costs are estimating to be over budget by £5,000 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 it's 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 looked into in more detail, and will be updated in the next monitoring report.
- 5.6 Staff transport costs are forecast to be slightly under budget by £3,000 in total.

- 5.7 Supplies and services are forecast to be under budget by £148,000 in total against core budgets. Equipment costs include contract annual maintenance costs for various items of mailing equipment, and this budget is forecast to be over spent by £6,000, along with other minor over spends totalling £6,000. Underspends are forecast in Printing and Stationery by £18,000, reference books by £2,000 by reducing the number of hard copy valuation manuals and moving to an online version, and Specialist Services by £9,000. 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 £89,000 under budget by year end but if not incurred during 2022/23 will require to be carried forward into 2023/24. Discussions regarding the move, including what replacement hardware and back up solutions will be required, are due to take place in the next few weeks and an update will be given at January's board meeting. Valuation Appeals are forecasting to be underbudget this year by £21,000, 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, although there will still be VAC panel costs. 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 The estimated outturn as shown in Appendices 1 and 2 is an underspend of £443,000, of which £277,000 is core budget and £166,000 is the NDR Reform budget. Appendix 2 shows the estimated outturn and variances split between the core budget and the NDR Reform.
- 5.10 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, it looks as if the reserve won't be needed this year, and the £166,000 projected underspend would also go to the earmarked reserve, bringing the balance to £574,000.
- 5.11 It is not expected that use of the General Fund will be needed in 2022/23.

### **New Burdens Funding**

- 5.12 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.
- 5.13 The funding will provide local authorities and Valuation Joint Boards the resources to deliver the changes required to cover additional staff, training and equipment costs.

- 5.14 Initial funding will be provided to local authorities by 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.
- 5.15 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.
- 5.16 The Board will be kept up to date of this New Burdens funding.

## **6. CONCLUSION**

- 6.1 **The total net expenditure as at 30 September 2022 is £2,123,000 giving an underspend against budget to date of £321,000; £211,000 in core budgets and £110,000 in NDR Reform budgets.**
- 6.2 **The estimated outturn is an underspend of £443,000. Of this, £277,000 is a variance from the core budget which would be returned to authorities, and £166,000 from the NDR Reform budget which would go to 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.**
- 6.4 **The next revenue monitoring and estimated outturn statement will be reported at the Board meeting in January 2023.**

Author of Report:	Susan Souter, Accountant.
Background papers:	Held within Accountancy Section, Moray Council
Date:	October 2022