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**REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 5 FEBRUARY 2021**

**SUBJECT: REVENUE BUDGET MONITORING STATEMENT FOR THE PERIOD 1 APRIL TO 31 DECEMBER 2020**

**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 2020.
- 1.2 To consider the Estimated Outturn position for the year 2020/21.

**2. RECOMMENDATION**

**2.1 It is recommended that the Board considers and notes:**

- (i) The Revenue Monitoring Statement for the period 1 April 2020 to 31 December 2020 and;**
- (ii) The estimated outturn forecast for the financial year 2020/21**
- (iii) The additional funding allocated for the Scottish Parliament Election 2021**

**3. CURRENT POSITION**

- 3.1 At its meeting on 20 March 2020, the Board agreed the Revenue Budget for 2020/21 (paragraph 3 of the Minute refers) and approved that the requisitions to constituent authorities should be set at £4,703,000. The core budget was set at £4,339,000, with an additional £364,000 budgeted for NDR Reform.
- 3.2 The sum of £130,000 was allocated from the General Fund to balance the 2020/21 Revenue budget.

- 3.3 **APPENDIX 1** shows the monitoring position to 31 December 2020. It gives details of the 2020/21 revenue budget, the actual to date and the variance to date. It also shows the estimated outturn and the estimated variance for the year.
- 3.4 Total total net expenditure to 31 December 2020 is £2,863,000, which results in a variance of £750,000 underspend to date across the budgets; including core budget, Scottish Parliament Election 2021 (SPE) and NDR Reform. **APPENDIX 2** gives more detail on the split between the these budgets.
- 3.5 The response and approach of the service to continue delivering its statutory functions has been reported at the last two meetings of the Board. All staff are fully enabled for homeworking with all three offices remaining closed, except for activities such as mail handling and scanning that cannot be handled remotely.

#### NDR Reform

- 3.6 Funding to cover the cost of implementing NDR reform was included within the local government settlement, and the £364,000 NDR Reform budget is included in the requisitions.
- 3.7 Of the £364,000 of NDR budget included in 2020/21, £296,000 is for staffing; valuers, trainee valuers and clerical staff. Currently there has been no recruitment of the NDR posts, and all posts are still vacant, resulting in a significant underspend to date. There has been expenditure on some NDR developments; £34,000 under ICT for software packages and modules, and £9,000 for the Scottish Assessors Association (SAA) portal contribution.
- 3.8 Under the NDR Reform legislation, the next revaluation was planned for 1 April 2022 but during December 2020 Parliament agreed to postpone the 2022 revaluation by 12 months to 1 April 2023.
- 3.9 The cost of NDR Reform is being monitored by the Scottish Government. Any unspent NDR Reform budget in 2020/21 will be put to the earmarked reserve and will be used to cover expenditure in future years. The NDR Reform Reserve balance sits at £91,000 and has not been included in Appendix 1. The Board will be kept up to date of the NDR Reform expenditure, and the requirement to utilise the reserve.

#### Scottish Parliament Election

- 3.10 In the run up to the Scottish Parliament Election in May 2021, the Scottish Government has made available additional funding for Electoral Registration Officers to increase capacity to process postal vote applications. The Assessor & ERO submitted a proposal and was successful in being awarded £321,000 in additional funding for costs which will be incurred in this final quarter of 2020/21.
- 3.11 Planning, recruitment and training of additional temporary staff, overtime working, voter engagement activities and an increase in registration and absent vote applications, with their corresponding, resource requirements for

increased mail handling and IT capacity to deal with the anticipated high volumes of online registration applications and paper-based absent vote applications are all areas expected to incur spend.

- 3.12 The service is going to need a full staff complement to deal with the Scottish Parliamentary Elections in May 2021.
- 3.13 The funding will come to Moray Council and be released as and when the spend is incurred. Further funding may be available to cover the expected surge in postal vote applications two weeks before the deadline, depending on how much of the initial allocation has been used.
- 3.14 There is no spend to date but the estimated outturn figures, expected in the final quarter of the year, are included in Appendix 1 and 2.

#### Variance to Date

- 3.15 There is a total underspend of £750,000 at 31 December 2020.
- 3.16 There is a £546,000 underspend against budget to date within employee costs. The variance arises from vacant posts in the establishment, which includes £296,000 of NDR posts not occupied. It is unlikely that vacant posts will be filled much before the end of the financial year due to recruitment challenges and the focus being on supporting staff for homeworking. Recruitment for the SPE is in progress.
- 3.17 There are small variances within the headings under Property Costs budgets, which will continue to be monitored.
- 3.18 Transport costs continue to be below budget, which is uncommon for this time of year but is a reduction in spend due to the pandemic restrictions. As reported at the last meeting, the introduction of a new facility allows ERA's to contact by telephone in the first instance, which saves time and travel requirement.
- 3.19 Budgets within Supplies and Services are under by £104,000 across the headings. Contributing factors include the effect Covid-19 has had on telephone usage, advertising campaign being cancelled, and there has been delays in receiving invoices from suppliers.
- 3.20 Support charges are processed at 31 March as part of the year end closedown. The actual to date is the balance of an under accrual from the 2019/20 charge.
- 3.21 When the 2020/21 budget was approved, there was no indication that additional funding for Individual Electoral Registration (IER) from the Cabinet

Office would be awarded. In order to balance the budget it was approved that £130,000 would be used from the General Fund.

- 3.22 The Assessor received notification of initial funding for IER this year, with an allocation of £34,000 to cover the additional costs of IER in light of reforms to the annual canvass which come into force this year. This is shown as the government grant under income on Appendix 1.
- 3.23 A further sum of £31,000 was received from the Scottish Government for full reimbursement to EROs for changes to the Elections Management System. The expenditure is shown within IT costs, and the grant is within income.
- 3.24 There are no other significant variances to report.

#### **4. ESTIMATED OUTTURN 2020/21**

- 4.1 Appendix 1 shows the total estimated outturn and estimated variance against budget for the year. Appendix 2 splits this into the core budget, the SPE funding and the NDR Reform budget.
- 4.2 There have been no substantial changes in the forecast since the last Board meeting, other than the announcement of the SPE funding. The SPE expenditure is fully funded by this government grant.
- 4.3 The estimated outturn in Appendix 1 shows an underspend of £747,000, of which £426,000 is core budget and £321,000 is the NDR Reform budget.
- 4.4 The significant variance can be attributed to the operational pressures on the service, intensified by the coronavirus outbreak; mainly the recruitment of staff and delays in progressing with NDR Reform. The requirement to shift operations to 100% remote working has resulted in extraordinary expenditure on IT including hardware, software and contractors.
- 4.5 With all resources being focused on delivering the service's business as usual statutory functions, recruitment has been brought to a near standstill, and an estimated variance of £405,000 in the core budget employee costs is expected by year end. A Principal Valuer post has recently been filled internally, the knock on effect creates another vacant post. The NDR posts remain vacant, giving a further variance of £296,000 in employee costs. The service is going to need a full staff complement to deal with the Scottish Parliamentary Elections in May 2021 and it is expected that between recruitment and possible secondments from Aberdeenshire Council, this will be achieved.
- 4.6 Property costs are expected to be within budget.
- 4.7 Travel costs will also continue to be below budget, with an underspend of £31,000 forecast in the core budget. The recent Covid-19 travel restrictions put in place in Scotland have given rise to a lower estimated spend in travel costs since last quarter.

- 4.8 Supplies and services are estimated to be over budget in total by year end, with variances across the headings.
- 4.9 IT Maintenance is forecasting to be £96,000 over budget in total. The core IT budget could be as much as £93,000 over budget. The service's database software requires to be upgraded and future arrangements for a shared service with associated cost benefits are being actively pursued.. There is also £12,000 of additional IT equipment, including laptops for homeworking. Another £31,000 relates to the Elections Management System, which has been funded by government grant, shown under income.
- 4.10 Valuation appeals are forecast to be over budget. Some 11,000 appeals brought about by the coronavirus pandemic have been received and the government has now extended the appeals disposal timetable by 12 months to 31 December 2021, so it is estimated that the same level of Valuation expenses as last year could be incurred.
- 4.11 Income from sales of electoral registers has been received and it is expected to increase in the last quarter, and be on budget.
- 4.12 As stated in paragraph 3.22 government grant income of £34,000 has been received, and no additional allocation is expected this year. Additional funding of £31,000 was also received for the Elections Management System.
- 4.13 The estimated outturn and variances in the core budget, SPE and NDR Reform can be seen in Appendix 2.
- 4.14 Any unspent NDR Reform budget in 2020/21, will be put to the earmarked reserve and will be used to cover expenditure for developments in the coming years. The current NDR Reform reserve balance is £91,000.
- 4.15 With underspends forecast in the core budget, and the receipt of the IER grant allocation this year, it is not expected that use of the General Fund will be needed in 2020/21.

## **5. CONCLUSION**

- 4.1 The total net expenditure as at 31 December 2020 is £2,863,000 giving an underspend against budget to date of £750,000
- 4.2 The estimated outturn is an underspend of £747,000. Of this, £426,000 is a variance from the core budget and £321,000 from the NDR Reform budget.
- Extraordinary expenditure incurred on preparing for the SPE is fully covered by government grant.
- 4.3 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:  
Date:

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Held within Accountancy Section, Moray Council  
January 2021