



REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 6 NOVEMBER 2020

SUBJECT: REVENUE BUDGET MONITORING STATEMENT FOR THE PERIOD 1 APRIL TO 30 SEPTEMBER 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 30 September 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 30 September 2020 and;**
- (ii) **The estimated outturn forecast for the financial year 2020/21.**

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 30 September 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 net expenditure to 30 September 2020 is £1,846,000, which results in a variance of £563,000 underspend to date across the core and NDR Reform budgets. **APPENDIX 2** gives more detail on the split between the these budget variances to date.
- 3.5 In line with government's route map from lockdown occupation of the three offices has been minimised, although core staffing has been in operation in all three locations continuously from August and the majority of staff have been enabled for homeworking. Development resources have been focussed on supporting operational duties, servicing the significant volume of business grant related enquiries and deadlining with an large influx of valuation roll appeals, both workloads unscheduled and entirely brought about by the pandemic. At the same time and there have been delays in implementation of legislation related to the forthcoming revaluation which has meant that resources allocated to NDR development have been focussed on responding to the challenges of the pandemic. The anticipated NDR development work, like the related legislation, is therefore not as advanced as originally anticipated .. Recruitment has slowed as a result of the pandemic but posts that fell vacant immediately prior to or during the pandemic are now being filled. One post has just been successfully recruited., and current plans are to return to a full establishment by the end of the year, or as near to that as is feasible..
- 3.6 The organisation is going to need a full staff complement to deal with the Scottish Parliamentary Elections in May 2021, and to deal with the significant volume of pandemic related valuation roll appeals that have led the Scottish Government to announce an extension to the statutory deadline for appeal disposal by 12 months to 31 December 2021.

NDR Reform

- 3.7 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. There are three main reforms, two of which have significant implications for the Assessor; the move to a three yearly revaluation cycle from a five year cycle, and the need to resolve all revaluation appeals within the same timeframe.
- 3.8 Of the £364,000 of NDR budget included in 2020/21, £296,000 is for staffing; valuers, trainee valuers and administrative staff. Currently there has been no recruitment to the NDR posts, and all posts are still vacant, resulting in a significant underspend to date. There has been expenditure on some NDR reform related developments; £34,000 under ICT for software packages and modules, and £9,000 for the Scottish Assessors Association (SAA) portal development.
- 3.9 Under the NDR Reform legislation, the next revaluation was scheduled for 1 April 2022 but the government has now published plans to postpone this revaluation by 12 months.
- 3.10 Any unspent NDR Reform budget in 2020/21 will be put to the earmarked reserve and will be used to cover slippage 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 on NDR Reform expenditure, and the requirement to utilise the reserve.

Year to Date Variances

- 3.11 There is a total underspend of £563,000 at 30 September 2020.
- 3.12 There is a £355,000 underspend against budget to date within employee costs in the core budget. The variance arises from vacant posts in the establishment, including £115,000 of NDR posts not unoccupied. .
- 3.13 There are small variances within the headings under Property Costs budgets, which will continue to be monitored throughout the year.
- 3.14 Transport costs are below budget, which is uncommon for this time of year but is a reduction in spend due to the pandemic restrictions. The obligation for Electoral Registration Assistants (ERA) to visit households remains but subject to risk assessment and the canvass reforms also permit communication by telephone that has the potential for savings.
- 3.15 Budgets within Supplies and Services are under by £151,000 with the two main variances in Postages and Electoral Registration Bulk Printing; under budget by £87,000 and £38,000 respectively. Expenditure is expected to be higher than the actual to date. Invoicing queries with suppliers are in the process of being resolved, and this has led to a delay in settlement.
- 3.16 Other minor variances include: Telephones; where due to the current situation of homeworking being the default position for the majority of staff, email has become the main communication channel and telephone call charges are reduced,.. Advertising; the principal spend in advertising is normally a contribution to a national TV/Radio/media campaign for the annual canvass. Glasgow Council manage this on a national basis but due to reprioritisation of resources to deal with the lockdown the national media campaign did not take place.
- 3.17 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.
- 3.18 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.
- 3.19 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.
- 3.20 There are no other significant variances to report at this stage in the year.

4. ESTIMATED OUTTURN 2020/21

- 4.1 The revenue budget is expected to be underspent by the year end and at this halfway point in the year the estimated variance is an underspend of £815,000.
- 4.2 This significant variance can be attributed to the exceptional circumstances we are currently under, and the pressures that the coronavirus outbreak has intensified for the operations of the organisation; mainly in recruitment of staff and delays in the NDR Reforms.
- 4.3 As mentioned earlier the focus on maintaining services and dealing with the unique challenges and additional workloads brought about by the pandemic has interrupted the filling of vacancies however it is anticipated that the vacancies will be filled by Spring next year.
- 4.4 Property costs are expected to be within budget.
- 4.5 Travel costs will also continue to be below budget, with an underspend of £25,000 forecast.
- 4.6 Supplies and services are estimated to be £3,000 under budget in total by year end with variances across the headings.
- 4.7 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.
- 4.8 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 budget level.
- 4.9 As stated in paragraph 3.18 government grant income of £34,000 has been received, and no additional allocation is expected this year.
- 4.10 Ahead of the Scottish Parliamentary Elections of May 2021, research suggests that a large increase in postal voting can be expected. The Assessor is looking into the recruitment of temporary processors for the 14 weeks prior to the election date. There are various scenarios that are being costed, and as nothing is definite, these have not yet been built into the estimates.
- 4.11 The estimated outturn as shown in Appendix 1 is an underspend of £815,000, of which £494,000 is core budget and £321,000 is the NDR Reform budget.
- 4.12 Appendix 2 separates the estimated outturn and variances between the core budget and the NDR Reform.
- 4.13 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.

4.14 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

5.1 The total net expenditure as at 30 September 2020 is £1,846,000 giving an underspend against budget to date of £563,000.

5.2 The estimated outturn is an underspend of £815,000. Of this, £494,000 is a variance from the core budget and £321,000 from the NDR Reform budget.

5.3 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 Souter, Accountant.
Background papers:	Held within Accountancy Section, Moray Council
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