



REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 4 FEBRUARY 2022

SUBJECT: REVENUE BUDGET MONITORING STATEMENT FOR THE PERIOD 1 APRIL TO 31 DECEMBER 2021

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 2021.
- 1.2 To consider the Estimated Outturn position for the year 2021/22.

2 RECOMMENDATION

2.1 It is recommended that the Board considers and notes:

- (i) **The Revenue Monitoring Statement for the period 1 April 2021 to 31 December 2021 and;**
- (ii) **The estimated outturn forecast for the financial year 2021/22.**

3. CURRENT POSITION

- 3.1 At its meeting on 5 February 2021, the Board agreed the Revenue Budget for 2021/22 (paragraph 4 of the Minute refers) be set at £4,933,000 and approved the requisitions to constituent authorities of £4,842,000 with £91,000 being funded from the earmarked NDR reserve.
- 3.2 Appendix 1 shows the monitoring position to 31 December 2021. It gives details of the 2021/22 revenue budget, the actual to date and the variance to date. It also shows the estimated outturn and the estimated variance for the year, further split into core budget and NDR Reform budget variance.
- 3.3 The total net expenditure to 31 December 2021 is £3,035,000, which results in a variance to date of £617,000 underspend across the core and NDR Reform budgets. Appendix 1 gives more detail on the split between the budget variances to date.

4. YEAR TO DATE VARIANCES

Core Budget

- 4.1 Appendix 1 shows the year to date variances, and also how this is split between core budget, and NDR Reform. This section will first look at the core budget variances, which has an underspend to date of £335,000.
 - 4.2 There has been no change since the last board meeting in November 2021 on the office closures due to Covid 19 guidance and the majority of staff continue to work from home.
 - 4.3 There is a £336,000 underspend against budget to date within employee costs. The variance arises from vacant posts in the establishment. Recruitment has been taking place and appointments to all levels being made. One vacant post (IT Manager) is being removed from the establishment in next years budget.
 - 4.4 Property costs are £41,000 over budget to date. The relocation within Woodhill House will not go ahead this financial year as originally expected and any part year savings proposed to be removed will not be achieved. It is almost certain the service will face an overspend on accommodation costs and the budget for 2022/23 will be reviewed in the financial planning report to this meeting of the Board.
 - 4.5 Transport costs are on budget.
 - 4.6 Budgets within Supplies and Services are under by £10,000 in total with overs and unders across the heading. The two main variances are in Printing & Stationery which is under budget by £22,000 and is partly due to homeworking practices and also a change in the process of printing and posting letters to households. These will continue to be monitored.
 - 4.7 Support charges are processed at 31 March as part of the year end closedown.
 - 4.8 There are no other significant variances to report at this point in the year.
- ### **NDR Reform**
- 4.9 There is £544,000 budgeted this year for continuing the implementation of the NDR reforms following the Barclay review. Of this, £91,000 was to be funded from the earmarked reserve, currently sitting at £143,000, and a further £453,000 was requisitioned from the constituent authorities.
 - 4.10 While it was expected that the Scottish Government would be seeking a refund of unused Barclay funding this year, it was recently announced, following a review of all Assessors Barclay cost estimates, that the total allocation in 2022/23 will equal the gross amount requested by assessors adjusted for any forecast underspends this year. The Scottish Government therefore do not intend to request any refunds as a result of 2021/22 underspends.

- 4.11 Of the NDR budget, £376,000 is for staffing; valuers, trainee valuers and clerical staff. Recruitment for NDR Reform has been ongoing with seven posts out of a budgeted nine posts currently occupied. This has resulted in a £169,000 underspend to date on employee costs.
- 4.12 There has been £9,000 expenditure on ICT software and modules for NDR to date. Although there is an underspend to date, there is planned spend on support costs and equipment before the year end.
- 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.

5. ESTIMATED OUTTURN 2021/22

- 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 £811,000; £545,000 of core budget and £266,000 of NDR budget.
- 5.3 This significant variance can be attributed to the ongoing pressures that the coronavirus outbreak has intensified for the operations of the service; mainly the recruitment of staff, the move to new accommodation in Woodhill House and delays in progressing with NDR Reform. Also the unbudgeted use of £186,000 Scottish Parliament Election funding that was carried forward and can now be used to fund ongoing ERO expenditure.
- 5.4 An estimated variance in the core staffing budget is expected of £438,000 underspend by year end, and £209,000 in NDR Reform. Agreement was reached early in December 2021 on pay awards for employees, covering the period 1 April 2021 to 31 March 2022, with a backdated implementation date for the 3 months from January to March 2021. The backdated element is not included in the actual column yet but has been built-in to the estimated outturn figures.
- 5.5 Mentioned earlier in the report, the move to a new office suite within Woodhill House has been delayed and refurbishment works are yet to commence. The estimated outturn figure assumes no move will happen this financial year and an overspend is forecast as the current rental and service charges continue until the relocation.
- 5.6 Travel costs are forecast to have an underspend of £1,000 across core and NDR Reform.
- 5.7 Supplies and services are estimated to be £18,000 under on the core budget in total by year end with variances across the headings.
- 5.8 Printing and stationery costs are estimated to be lower than budget by using hybrid printing and postage suppliers. This could be a potential saving in future years.

- 5.9 Postages and Electoral Registration costs are estimating to be over budget, a change from the last monitoring report to the Board, due to the issue of letters to households prior to the Scottish Local Government elections in May 2022. The ring-fenced reserve of £186,000, being the remainder of additional funding provided by the Scottish Government for the Scottish Parliament Election (SPE) in May 2021, will be used for this.
- 5.10 Advertising is showing to be a nil spend this year. There is a TV campaign in February 2022 costing £5,000. However, due to a year end accrual for £5,000 for advertising in 2021/22 which didn't come about, these amounts will counteract and show as a variance at year end.
- 5.11 The ICT budget is forecast to be on budget although the phasing of the project to move to Aberdeenshire infrastructure means costs could be incurred this year. Going forward from next year Aberdeenshire will move to a cost per user based on figures previously provided, and implemented in the budget report. Due to the phasing of the project of moving from GVJB to Aberdeenshire infrastructure, there will be duplicate expenditure during 2022/23 but this should all be removed from 2023/24 onwards. Some of the start-up costs may be incurred before 31 March 2022, although there is a chance it could all fall into next financial year. It
- 5.12 Valuation appeals are forecast to be under budget by £30,000.
- 5.13 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 £1,000 above budget level.
- 5.14 The estimated outturn as shown in Appendix 2 is an underspend of £811,000, of which £545,000 is core budget and £266,000 is the NDR Reform budget. Appendix 2 shows the estimated outturn and variances split between the core budget and the NDR Reform.
- 5.15 Of the projected variance on the NDR Reform budget, £175,000 would go to the NDR Reserve, in addition to the £91,000, bringing the balance to £266,000. This will be used for 2022/23 and future years funding.
- 5.16 It is not expected that use of the General Fund will be needed in 2021/22.

6. CONCLUSION

- 6.1 The total net expenditure as at 31 December 2021 is £3,035,000 giving an underspend against budget to date of £617,000.
- 6.2 The estimated outturn is an underspend of £811,000. Of this, £545,000 is a variance from the core budget which would be returned to authorities, and £266,000 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.

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