



REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 5 NOVEMBER 2021

SUBJECT: REVENUE BUDGET MONITORING STATEMENT FOR THE PERIOD 1 APRIL TO 30 SEPTEMBER 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 30 September 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 30 September 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 30 September 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 Total total net expenditure to 30 September 2021 is £2,124,000, which results in a variance to date of £318,000 underspend across the core and NDR Reform budgets. Appendix 1 gives more detail on the split between the budget variances to date.

- 3.4 With all three offices remaining closed, except for essential purposes, all staff are enabled for working from home, allowing the organisation to continue to deliver statutory services. This has resulted in variances arising within some budget areas which can be addressed in future budget setting exercises. Difficulties in recruitment continue to be faced, however, the advertisement of vacancies are being actively pursued. One senior post has just been successfully recruited.
- 3.5 In 2020/21 additional funding was provided by the Scottish Government, via Moray Council, to facilitate the anticipated increase in postal vote applications ahead of the Scottish Parliament Election (SPE) in May 2021 due to the impact of the Covid-19 pandemic. Any unspent funds were to be ring-fenced in a Moray Council reserve for 2021/22 ERO expenditure. The ring-fenced reserve is £186,000 and costs are being monitored in order to utilise this funding in full this year.

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 £118,000.
- 4.2 Within the core budget is spend incurred in April and May for the SPE in May 2021 of £66,000 which will be funded by the ear-marked reserve. The spend is on staffing £40,000, postages £19,000, ICT costs £5,000 and equipment of £2,000.
- 4.3 There is a £223,000 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.
- 4.4 Property costs are £30,000 over budget to date. At the time of budget setting, there was a part year saving taken for 2021/22 for the potential re-configuration of Woodhill House. A reduced footprint for the service would result in a reduced rental charge and associated costs for the service. It is looking unlikely that the move will take place in the current financial year and it is almost certain the service will face an overspend on accommodation costs.
- 4.5 Transport costs are below budget to date, 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 is still a necessity but there is a new facility which allows contact by telephone first, which saves time and travel requirement.
- 4.6 Budgets within Supplies and Services are over by £80,000 in total with overs and unders across the heading. The two main variances are in Postages/ Electoral Registration Printing which is £48,000 over budget to date, and IT Maintenance which is over by £39,000 to date. These are both likely to be phasing issues and 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 half way 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 will be funded from the balance in the earmarked reserve, currently sitting at £143,000, and a further £453,000 was requisitioned from the constituent authorities, funded from increased general revenue grant totalling £471,000 across the constituent authorities.
- 4.10 Of the NDR budget, £376,000 is for staffing; valuers, trainee valuers and clerical staff. As mentioned in para 3.4, recruitment is now being actively pursued for these NDR Reform posts with seven posts now occupied. It has not yet been possible to fill all the posts which has resulted in a £127,000 underspend to date on employee costs.
- 4.11 There has been expenditure on some ICT software and modules, but there is an underspend to date of £62,000. Increased spend is planned for the second half of the year.
- 4.12 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.
- 4.13 Any slippage in the NDR Reform budget has previously been put to the earmarked reserve to be used to cover costs in future years. In 2020/21 the Scottish Government requested repayment of unused and uncommitted funding, and £247,000 was repaid, The Assessor & ERO has now been asked to collate estimated 2021/22 spend and 2022/23 budget needs as the Scottish Government will be seeking a refund of unused Barclay funding from this year.
- 4.14 The NDR Reform Reserve balance currently sits at £143,000, and £91,000 of this has been included in the funding of 2021/22 expenditure. The Board will be kept up to date of the NDR Reform expenditure, and the requirement to utilise the reserve.

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 £981,000; £752,000 of core budget and £229,000 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 SPE 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 variances is expected of £597,000 by year end. The implications of having key positions vacant is the operational resilience of the service and its ability to meet statutory requirements. Now that the new remote working arrangements are in place, the attention is now on filling key positions that are vacant. It is worth noting that the budgeted pay award in the year was approved at 2.5% but this has not been agreed yet and so is contributing to the variance. If and when an agreement is reached, the pay award will be backdated and will consume some of the estimated variance. It is estimated that the budgeted 2.5% pay award, which hasn't been included in the estimated outturn figures, could account for approximately £75,000 of the estimated variance.
- 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 will also continue to be below budget, with an underspend of £8,000 forecast.
- 5.7 Supplies and services are estimated to be £20,000 under budget in total by year end with small variances across the headings.
- 5.8 Printing costs are estimated to be lower than budget by using hybrid printing and postages suppliers. This could be a potential saving in future years.
- 5.9 Valuation appeals are forecast to be over budget. Some 17,000 material change of circumstances appeals have been lodged since 1 April 2019, mostly due to the coronavirus pandemic. The government has now extended the appeals disposal timetable for Revaluation appeals by 12 months to 31 December 2021, and material change of circumstances appeals by an additional year, so it is estimated that the same level of Valuation expenses as last year could be incurred.
- 5.10 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.
- 5.11 The estimated outturn as shown in Appendix 2 is an underspend of £981,000, of which £752,000 is core budget and £229,000 is the NDR Reform budget. Appendix 2 shows the estimated outturn and variances split between the core budget and the NDR Reform.
- 5.12 Of the projected variance on the NDR Reform budget, £91,000 will remain in the reserve and the balance of £138,000 would be repaid to the Scottish Government.

5.13 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 30 September 2021 is £2,124,000 giving an underspend against budget to date of £318,000.

6.2 The estimated outturn is an underspend of £981,000. Of this, £752,000 is a variance from the core budget and £229,000 from the NDR Reform budget.

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
Date:	October 2021