

**REPORT TO:** TAYSIDE VALUATION JOINT BOARD – 23 JANUARY 2017  
**REPORT ON:** PROVISIONAL REVENUE BUDGET 2017/18  
**JOINT REPORT BY:** ASSESSOR AND TREASURER  
**REPORT NO:** TVJB 1-2017

## 1 PURPOSE OF REPORT

The purpose of this report is to submit the Joint Board's 2017/18 Provisional Revenue Budget for approval.

## 2 RECOMMENDATIONS

It is recommended that the Joint Board:-

- a approves the 2017/18 Provisional Revenue Budget for the Tayside Valuation Joint Board as detailed in Appendix A,
- b notes that, in order to maintain the overall requisition amount at current levels, the sum of £26,000 will be taken from the General Reserve and used in setting the 2017/18 Revenue Budget,
- c approves the apportionment of the 2017/18 Revenue Budget be based on the proportion of each Council's relevant 2016/17 Grant Aided Expenditure figures as detailed in Appendix B,
- d approves the 2017/18 requisitions for the three constituent Councils be as detailed in Appendix B,

## 3 FINANCIAL IMPLICATIONS

The three constituent Councils will be required to budget for the 2017/18 requisition from the Tayside Valuation Joint Board. It is essential that the Joint Board decides on its 2017/18 Revenue Budget and the consequential requisitions to the Councils, in order to allow the Councils to include these requisitions when finalising their own 2017/18 Revenue Budgets.

## 4 MAIN TEXT

### 4.1 2017/18 Provisional Revenue Budget

The Treasurer and Assessor have prepared the Provisional Revenue Budget for the financial year 2017/18, based on both the 2016/17 Revenue Budget and current financial year revenue monitoring position, and after taking cognisance of the following factors:-

- The Local Government Employees Pay Award has been assumed at an estimated level of 1% per annum and the budget includes provision for the effects of incremental progression.
- The employers superannuation contribution rate for 2017/18 will be maintained at 17% of employee's gross salary.
- No provision has been allowed for general inflation, however some items of specific inflation have been allowed..
- In general, cost pressures and savings that have been identified during the current financial year have been incorporated in the Provisional Revenue Budget.
- The reduction of salary costs for staff slippage has been maintained at 2.50% per annum.

The Provisional Revenue Budget for 2017/18 has been thoroughly reviewed by the Assessor and Treasurer. As detailed in Appendix A, the sum of £26,000 will be taken from the General Reserve and used in setting the 2017/18 Revenue Budget resulting in a Provisional Net Revenue Budget for 2017/18 of £2,765,068 which represents a 2.5% reduction based on the 2016/17 Revenue Budget set in January 2016.

In the 2017/18 Provisional Revenue Budget, staff costs have been reduced by 2% despite increments, and assumed pay award of 1%. This has been achieved by further review of the staffing structure.

Property costs have reduced by 1.5% reflecting the reduction in storage costs. Supplies and services have reduced by 0.3% reflecting a reduction in audit and central support charges compensated for by increases insurance premiums and computer services. Transport costs have reduced by £7,000 (12%) to reflect the reducing Contract Car Hire subsidy. The budget for Valuation Appeal Committee expenses remains unchanged. In addition, the registration recharge has been increased by £4,093 in line with the 1% assumed pay award, while the additional electoral registration duties recharge has remained unchanged.

Overall, the 2017/18 provisional net budget for requisition purposes has reduced by £71,240, based on 2016/17, at £2,765,068.

#### **4.2 Reserves and Balances**

Section 12(1) of the Local Government Scotland Act 2003 states that "it is the duty of a local authority to observe proper accounting practices". In terms of proper accounting practice, CIPFA have issued guidance on Local Authority Reserves and Balances. The key requirements of the guidance, as they affect the Joint Board, are twofold:-

- i the setting out of a clear protocol covering the purpose, utilisation, management, control and review of reserves and balances,
- ii the inclusion in the annual budget report of a statement on reserves and balances, detailing the proposed strategy over the budget period, after taking into account the strategic, operational and financial risks facing the Joint Board.

As outlined above, the CIPFA guidance on Reserves and Balances requires a protocol for the operation of the Joint Board's General Reserve. This has previously been approved by the General Purposes Sub-Committee, at which time, it was highlighted that the guidance does not make recommendations as to the required levels of reserves and balances, stating that this is very much a matter for local judgement, in light of local circumstances. In respect of the Reserves and Balances protocol, the Joint Board is advised that the 2015/16 Audited Annual Accounts showed a General Reserve balance of £103,000 at 31 March 2016.

The latest 2016/17 Revenue Monitoring report to 31 December 2016 highlights a projected underspend of £24,000. If the final outturn is an underspend, this will be used to replenish the General Reserve up to the £23,000 which was used in setting the 2016/17 budget, with any surplus being returned to the constituent Councils in the proportions detailed per Appendix B in line with the previous decision of the Joint Board. Therefore the level of the General Reserve at 31 March 2017 is projected to be £103,000 (taking account of the projected outturn for 2016/17).

Taking account of the relatively low risk profile of the Joint Board, it is the professional opinion of the Treasurer that the minimum level of uncommitted balances that the Joint Board should operate with is £60,000 (around 2% of net expenditure). Given the on-going financial pressures on Councils, particularly in terms of reducing-cash settlements, the Treasurer has advised that in order to minimise the increase in the overall requisition from the constituent Councils in 2017/18, the sum of £26,000 can be taken from the General Reserve and used in setting the 2017/18 Revenue Budget. As a result, the estimated General Reserve balance at 31<sup>st</sup> March 2018 (taking account of the projected outturn at 31<sup>st</sup> March 2017 detailed above), is £77,000.

In arriving at the proposals outlined above, the Treasurer has taken into account the key strategic, operational and financial risks facing the Joint Board over the 2017/18 financial year. The main factors considered by the Treasurer were:-

- the possibility of new cost pressures or responsibilities emerging during the course of the financial year;
- the inherent uncertainty in the nature and/or volume of valuation appeals;
- the stability of service provision and certainty of income streams;
- the inherent uncertainty surrounding matters such as pay awards, interest rates and price inflation;
- the possibility of major items of unforeseen expenditure;
- the achievability of the staff slippage provision and the possibility of identifying further budget savings and efficiencies, if required;
- the adequacy of the Joint Board's insurance arrangements

#### **4.3 Requisitions to Constituent Councils**

The Tayside Valuation Joint Board, at its meeting on 19 February 1996, agreed that the level of requisitions required from each constituent Council should, for the financial year 1996/97, be based on the level of notional budget. Thereafter the method of apportionment between the Councils moved to a position whereby in 1998/99 and beyond, it would be wholly based on the proportions of the Valuation Grant Aided Expenditure (GAE) figures. The Scottish Government have not issued the 2017/18 GAE figures at the time of writing this report. Therefore, it is proposed that the 2016/17 GAE figures will be used as an approximate for the purpose of agreeing the level of requisitions required from each constituent Council. The apportionment of the Revenue Budget for the financial year 2017/18 is detailed in Appendix B. The 2017/18 requisitions are based on the 2016/17 Grant Aided Expenditure data for each Council.

#### **5 CONCLUSION**

The Provisional 2017/18 Revenue Budget is enclosed in order that the Tayside Valuation Joint Board may approve the budget, and agree the 2017/18 requisitions required from the three constituent Councils.

#### **6 POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

#### **7 CONSULTATIONS**

The Clerk to the Joint Board has been consulted on the content of this report.

#### **8 BACKGROUND PAPERS**

None

**ALASTAIR KIRKWOOD  
ASSESSOR**

**12 JANUARY 2017**

**MARJORY STEWART  
TREASURER**

**12 JANUARY 2017**

## TVJB REVENUE BUDGET 2017/18

## APPENDIX A

| EXPENDITURE BY BUDGET HEAD               | 2016 - 2017<br>REVENUE<br>BUDGET | PROPOSED<br>SAVINGS | PROPOSED 2017-<br>2018 REVENUE<br>BUDGET |
|--|----------------------------------|---------------------|--|
| <b>STAFF COSTS</b>                       |                                  |                     |  |
| <b>GROSS PAY</b>                         |                                  |                     |  |
| Chief Officer                            | 341,697                          | 35,905              | 305,792                                  |
| Principal Officer                        | 659,610                          | (65,473)            | 725,083                                  |
| Admin                                    | 150,870                          | (5,827)             | 156,697                                  |
| General Division                         | 371,397                          | 17,664              | 353,733                                  |
| Technical                                | 369,901                          | 33,614              | 336,287                                  |
| Trainee                                  | 106,509                          | 20,501              | 86,008                                   |
|  | <b>1,999,984</b>                 | <b>36,384</b>       | <b>1,963,600</b>                         |
| <b>NATIONAL INSURANCE</b>                |                                  |                     |  |
| Chief Officer                            | 41,593                           | 4,059               | 37,534                                   |
| Principal Officer                        | 73,230                           | (6,630)             | 79,860                                   |
| Admin                                    | 14,146                           | (761)               | 14,907                                   |
| General Division                         | 25,670                           | 2,517               | 23,153                                   |
| Technical                                | 34,361                           | 2,539               | 31,822                                   |
| Trainee                                  | 10,249                           | 1,739               | 8,510                                    |
|  | <b>199,249</b>                   | <b>3,463</b>        | <b>195,786</b>                           |
| <b>SUPERANNUATION</b>                    |                                  |                     |  |
| Chief Officer                            | 58,088                           | 6,103               | 51,985                                   |
| Principal Officer                        | 112,134                          | (11,130)            | 123,264                                  |
| Admin                                    | 25,648                           | (990)               | 26,638                                   |
| General Division                         | 63,138                           | 3,003               | 60,135                                   |
| Technical                                | 62,883                           | 5,714               | 57,169                                   |
| Trainee                                  | 18,107                           | 3,486               | 14,621                                   |
|  | <b>339,998</b>                   | <b>6,186</b>        | <b>333,812</b>                           |
| Total Salary Costs                       | <b>2,539,231</b>                 | <b>46,033</b>       | <b>2,493,198</b>                         |
| Slippage (2.5%)                          | (63,481)                         | (1,151)             | (62,330)                                 |
| Strain On Fund Costs                     | 18,000                           | 0                   | 18,000                                   |
| <b>NET SALARY COSTS</b>                  | <b>2,493,750</b>                 | <b>44,882</b>       | <b>2,448,868</b>                         |
| Additional Electoral Registration Duties | 27,000                           | 0                   | 27,000                                   |
| Overtime                                 | 5,000                            | 0                   | 5,000                                    |
| Courses/Conferences                      | 5,000                            | 0                   | 5,000                                    |
| Training Courses                         | 10,000                           | 5,000               | 5,000                                    |
| Advertising Employment Etc               | 2,000                            | 1,000               | 1,000                                    |
| <b>NET STAFF COSTS</b>                   | <b>2,542,750</b>                 | <b>50,882</b>       | <b>2,491,868</b>                         |
| <b>PROPERTY</b>                          |                                  |                     |  |
| Rent - Pitkerro/Perth Store              | 9,000                            | 5,500               | 3,500                                    |
| Rates - Dundee                           | 42,865                           | 465                 | 42,400                                   |
| Rates - Angus                            | 8,325                            | (170)               | 8,495                                    |
| Rates - Perth                            | 26,430                           | (530)               | 26,960                                   |
| Repairs And Maintenance                  | 3,000                            | 0                   | 3,000                                    |
| Fixtures/Fittings                        | 1,000                            | 500                 | 500                                      |
| Cleaning Dso                             | 18,700                           | (200)               | 18,900                                   |
| Water/Sewer                              | 7,800                            | (200)               | 8,000                                    |
| Electricity - Dundee                     | 10,300                           | 0                   | 10,300                                   |
| Accommodation - Whitehall Hse            | 110,000                          | 0                   | 110,000                                  |
| Accommodation - Angus                    | 23,000                           | 0                   | 23,000                                   |
| Accommodation - Perth                    | 78,000                           | 0                   | 78,000                                   |
| <b>TOTAL PROPERTY COSTS</b>              | <b>338,420</b>                   | <b>5,365</b>        | <b>333,055</b>                           |

**TVJB REVENUE BUDGET 2017/18  
SUPPLIES/SERVICES**

**APPENDIX A (CONTINUED)**

|                                |                |            |                |
|--------------------------------|----------------|------------|----------------|
| Equipment - Office             | 500            | 0          | 500            |
| Furniture - Purchase           | 500            | 0          | 500            |
| Maintenance                    | 8,000          | 0          | 8,000          |
| Printing                       | 8,000          | 0          | 8,000          |
| Printing Ero                   | 13,000         | 0          | 13,000         |
| Telephone Registration         | 4,600          | 0          | 4,600          |
| Stationery                     | 7,000          | 0          | 7,000          |
| Photocopying                   | 1,000          | 500        | 500            |
| Ref Books                      | 9,000          | 0          | 9,000          |
| Audit Fee                      | 8,800          | 1,000      | 7,800          |
| Internal Audit Services        | 7,000          | 0          | 7,000          |
| Legal Fees                     | 12,500         | 0          | 12,500         |
| Telephone Rentals              | 5,750          | 0          | 5,750          |
| Telephone Calls                | 3,000          | 0          | 3,000          |
| Postages                       | 85,000         | 0          | 85,000         |
| Misc Supplies Etc              | 5,500          | 0          | 5,500          |
| Exhibition Of Lists            | 500            | 0          | 500            |
| Insurance /Risk Mgt            | 24,900         | (2,100)    | 27,000         |
| Computer Service               | 55,000         | (2,500)    | 57,500         |
| Electoral - It Licences Etc.   | 16,000         | 0          | 16,000         |
| Central Support Servs          | 40,000         | 4,000      | 36,000         |
| Health And Safety              | 3,000          | 0          | 3,000          |
| <b>TOTAL SUPPLIES/SERVICES</b> | <b>318,550</b> | <b>900</b> | <b>317,650</b> |

**TRANSPORT**

|                              |               |              |               |
|------------------------------|---------------|--------------|---------------|
| Subsistence                  | 11,500        | 0            | 11,500        |
| Contract Car Subsidy         | 24,000        | 7,000        | 17,000        |
| Car Allowances               | 21,000        | 0            | 21,000        |
| <b>TOTAL TRANSPORT COSTS</b> | <b>56,500</b> | <b>7,000</b> | <b>49,500</b> |

|                                   |               |          |               |
|-----------------------------------|---------------|----------|---------------|
| <b>VALUATION APPEAL COMMITTEE</b> | <b>50,000</b> | <b>0</b> | <b>50,000</b> |
|-----------------------------------|---------------|----------|---------------|

|                          |                  |               |                  |
|--------------------------|------------------|---------------|------------------|
| <b>TOTAL EXPENDITURE</b> | <b>3,306,220</b> | <b>64,147</b> | <b>3,242,073</b> |
|--------------------------|------------------|---------------|------------------|

**INCOME**

|   |               |          |               |
|---|---------------|----------|---------------|
| Additional Electoral Registratiion Duties | 27,000        | 0        | 27,000        |
| Survey Fees                               | 100           | 0        | 100           |
| Sale Of Vr/Ct List                        | 200           | 0        | 200           |
| Sale Ero                                  | 8,000         | 0        | 8,000         |
| Telephone Calls                           | 300           | 0        | 300           |
| Interest On Balance                       | 2,000         | 0        | 2,000         |
| <b>NET INCOME</b>                         | <b>37,600</b> | <b>0</b> | <b>37,600</b> |

|                       |         |         |         |
|-----------------------|---------|---------|---------|
| Registration Recharge | 409,312 | (4,093) | 413,405 |
|-----------------------|---------|---------|---------|

|                     |                |                |                |
|---------------------|----------------|----------------|----------------|
| <b>TOTAL INCOME</b> | <b>446,912</b> | <b>(4,093)</b> | <b>451,005</b> |
|---------------------|----------------|----------------|----------------|

|                        |                  |               |                  |
|------------------------|------------------|---------------|------------------|
| <b>NET EXPENDITURE</b> | <b>2,859,308</b> | <b>68,240</b> | <b>2,791,068</b> |
|------------------------|------------------|---------------|------------------|

|                               |                  |               |                  |
|-------------------------------|------------------|---------------|------------------|
| <b>PROVISIONAL NET BUDGET</b> | <b>2,859,308</b> | <b>68,240</b> | <b>2,791,068</b> |
|-------------------------------|------------------|---------------|------------------|

|                 |          |       |          |
|-----------------|----------|-------|----------|
| Use of Balances | (23,000) | 3,000 | (26,000) |
|-----------------|----------|-------|----------|

|                               |                  |               |                  |
|-------------------------------|------------------|---------------|------------------|
| <b>PROVISIONAL NET BUDGET</b> | <b>2,836,308</b> | <b>71,240</b> | <b>2,765,068</b> |
|-------------------------------|------------------|---------------|------------------|

**TAYSIDE VALUATION JOINT BOARD**

**REVENUE BUDGET 2017/18**

**REQUISITION APPORTIONMENTS FOR CONSTITUENT COUNCILS**

| Council         | Grant Aided Expenditure 2016/17 |                       |                               | Total GAE and Requisition Apportionment |
|-----------------|---------------------------------|-----------------------|-------------------------------|---|
|                 | Land Valuation                  | Council Tax Valuation | Total Grant Aided Expenditure |   |
| Angus           | 368                             | 219                   | 587                           | 26.19%                                  |
| Dundee City     | 442                             | 290                   | 732                           | 32.67%                                  |
| Perth & Kinross | 643                             | 279                   | 922                           | 41.14%                                  |
|                 | <b>1,453</b>                    | <b>788</b>            | <b>2,241</b>                  | <b>100.00%</b>                          |

**PROPOSED REVENUE BUDGET 2017/18 REQUISITIONS**

| Council         | Valuation Apportionment | Requisition      | Registration Recharge | Additional ER Duties Recharge | Total Sum due to Tayside Valuation Joint Board |
|-----------------|-------------------------|------------------|-----------------------|-------------------------------|--|
| Angus           | 26.19%                  | 724,171          | 165,215               | 11,500                        | 900,886  |
| Dundee City     | 32.67%                  | 903,458          | 0                     | 0                             | 903,458  |
| Perth & Kinross | 41.14%                  | 1,137,549        | 248,190               | 15,500                        | 1,401,239                                      |
|                 | <b>100.00%</b>          | <b>2,765,178</b> | <b>413,405</b>        | <b>27,000</b>                 | <b>3,205,583</b>                               |