

REPORT TO: TAYSIDE VALUATION JOINT BOARD  
GENERAL PURPOSES SUB COMMITTEE – 17 JANUARY 2011

REPORT ON: PROVISIONAL REVENUE BUDGET 2011/12

JOINT REPORT BY: ASSESSOR AND TREASURER

REPORT NO: TVJB1-2011

1 **PURPOSE OF REPORT**

The purpose of this report is to submit the Provisional Revenue Budget for 2011/12 for detailed consideration by the General Purposes Sub Committee.

2 **RECOMMENDATIONS**

It is recommended that the General Purposes Sub Committee:-

- a Notes the Provisional Revenue Budget for 2011/12 for the Tayside Valuation Joint Board as detailed in Appendix A,
- b Recommends to the Joint Board, the approval of the 2011/12 Revenue Budget as per Appendix A,
- c Recommends to the Joint Board that the apportionment of the 2011/12 Revenue Budget be based on the proportion of each Council's relevant 2011/12 Grant Aided Expenditure figures as detailed in Appendix B, and
- d Recommends to the Joint Board that the 2011/12 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 2011/12 requisition from the Tayside Valuation Joint Board. It is essential that the Joint Board decides on its 2011/12 Revenue Budget and the consequential requisitions to the Councils, in order to allow the Councils to include these requisitions when finalising their own 2011/12 Revenue Budgets.

4 **MAIN TEXT**

**2011/12 Provisional Revenue Budget**

The Treasurer and Assessor have prepared the Provisional Revenue Budget for the financial year 2011/12, based on both the 2010/11 Revenue Budget and current financial year revenue monitoring position and after taking cognisance of the following factors:-

- a The budget includes provision for the effects of incremental progression, however, it has been assumed that there will be no Local Government Employees or Chief Officials pay increase in 2011/12.
- b The employers superannuation contribution rate for 2011/12 will be 18.5% of employee's gross salary.
- c No provision for general inflation.
- d In general, cost pressures and savings that have been identified during the current financial year have been incorporated in the Provisional Revenue Budget.

- e Salary costs have been reduced for staff slippage of 1.75% per annum.
- f Income from Interest on Revenue Balances has been reduced due to reduced interest rates.

The Provisional Revenue Budget for 2011/12 has been thoroughly reviewed by the Assessor and Treasurer, and as detailed in Appendix A, the Provisional Net Revenue Budget for 2011/12 represents a decrease of £45,058 (1.45%) based on the 2010/11 Revenue Budget set in February 2010.

In the 2011/12 Provisional Revenue Budget, staff costs have reduced by 1.71%, with slippage remaining at 1.75%. Increases in supplies and services and valuation appeal expenses have been offset by reductions in property costs, transport costs resulting in an overall decrease in total expenditure for 2011/12 of 1.31%. A reduction in income of 4.58% is due to the reduction in interest on revenue balances. Overall, the provisional net budget has decreased from £3,114,448 in 2010/11 to £3,069,390 in 2011/12, a reduction of 1.45%.

### **Reserves and Balances**

Under Section 12(1) of the Local Government Scotland Act 2003, it states "It is the duty of a local authority to observe proper accounting practices". In terms of proper accounting practice, CIPFA have issued revised guidance on Local Authority Reserves and Balances. The key requirements of the revised 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 Council.

The CIPFA guidance on Reserves and Balances requires a protocol for the operation of the Board's General Reserve and this has previously been approved by the General Purposes Sub-Committee.

In respect of the Reserves and Balances protocol, the Sub-Committee is advised that the Board's 2009/10 Audited Statement of Accounts showed a General Reserve balance of £103,000 at 31 March 2010. There are no commitments against the General Reserve balance.

The latest 2010/11 revenue monitoring report to 30 September 2010 highlighted a projected underspend of £89,000, due to savings in staff costs, as well as projected underspends in property costs, supplies and services and transport costs. If the final outturn is an underspend, this will be returned to the Constituent Councils in the proportions detailed per Appendix B, thereby retaining the General Reserve in line with the minimum agreed balance of £100,000. It is the opinion of the Treasurer, that this is the minimum level of uncommitted balances the Board should operate with.

In arriving at the proposals outlined above, the Treasurer has taken into account the key strategic, operational and financial risks facing the Board over the 2011/12 financial year. The main factors considered by the Treasurer were:-

- 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 Board's insurance arrangements.

### **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 figures. The apportionment of the Revenue Budget for the financial year 2011/12 is detailed in Appendix B. The 2011/12 figures are based on the 2011/12 Grant Aided Expenditure data for each Council.

#### **5 CONCLUSION**

The Provisional 2011/12 Revenue Budget is enclosed in order that the Tayside Valuation Joint Board may approve the budget, and agree the 2011/12 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**

None

#### **8 BACKGROUND PAPERS**

None

CLARK LOW  
ASSESSOR

MARJORY STEWART  
TREASURER

06 JANUARY 2011

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EXPENDITURE BY BUDGET HEAD	2010-2011 REVENUE BUDGET	PROVISIONAL 2011-2012 REVENUE BUDGET
<b>STAFF COSTS</b>		
<b>GROSS PAY</b>		
CHIEF OFFICER	318,975	318,975
PRINCIPAL OFFICER	1,032,127	1,028,204
ADMIN	153,904	155,301
GENERAL DIVISION	334,493	335,580
TECHNICAL	380,932	366,075
TRAINEE	21,293	0
	2,241,724	2,204,135
<b>N INSURANCE</b>		
CHIEF OFFICER	32,708	32,725
PRINCIPAL OFFICER	83,647	83,544
ADMIN	10,167	10,329
GENERAL DIVISION	19,041	19,229
TECHNICAL	25,892	25,162
TRAINEE	2,035	0
	173,490	170,989
<b>SUPERANNUATION</b>		
CHIEF OFFICER	59,010	59,010
PRINCIPAL OFFICER	190,943	190,218
ADMIN	28,472	28,731
GENERAL DIVISION	58,720	58,931
TECHNICAL	70,472	67,724
TRAINEE	3,939	0
	411,556	404,614
TOTAL SALARY COSTS	2,826,770	2,779,738
SLIPPAGE (1.75%)	(49,469)	(48,645)
<b>NET SALARY COSTS</b>	2,777,301	2,731,093
<b>ADDITIONAL E.R. DUTIES</b>	25,000	25,000
OVERTIME	5,000	5,000
COURSES/CONFERENCES	5,000	5,000
TRAINING COURSES	7,000	5,000
ADV EMPLOYMENT etc	5,000	5,000
<b>NET STAFF COSTS</b>	2,824,301	2,776,093
<b>PROPERTY</b>		
RENT - PITKERRO/PERTH STORE	8,500	9,000
RATES - DUNDEE	35,500	37,500
RATES - ANGUS	6,900	7,200
RATES - PERTH	22,000	23,100
REPAIRS AND MAINTENANCE	3,400	3,400
FIXTURES/FITTINGS	1,000	1,000
CLEANING DSO	20,000	20,000
WATER/SEWER	7,000	7,000
ELECTRICITY - DUNDEE	9,000	9,900
ACCOMMODATION - WHITEHALL HSE	115,000	110,000
ACCOMMODATION - ANGUS	28,700	24,000
ACCOMMODATION - PERTH	77,000	77,000
<b>TOTAL PROPERTY COSTS</b>	334,000	329,100

EXPENDITURE BY BUDGET HEAD	2010-2011 REVENUE BUDGET	PROVISIONAL 2011-2012 REVENUE BUDGET
SUPPLIES/SERVICES		
EQUIPMENT - OFFICE	1,000	1,000
FURNITURE - PURCHASE	1,000	1,000
MAINTENANCE	8,000	8,000
PRINTING	10,000	10,000
PRINTING ERO	10,500	12,000
TELEPHONE REGISTRATION	4,200	4,600
STATIONERY	8,000	8,000
PHOTOCOPYING	3,000	3,000
REF BOOKS	9,000	9,000
AUDIT FEE	9,000	8,800
INTERNAL AUDIT SERVICES	18,000	18,000
LEGAL FEES	12,500	12,500
TELEPHONE RENTALS	5,750	5,750
TELEPHONE CALLS	3,000	3,000
POSTAGES	71,800	71,800
MISC SUPPLIES ETC	6,600	6,600
EXHIBITION OF LISTS	500	500
INSURANCE /RISK MGT	23,500	23,500
COMPUTER SERVICE	25,800	28,000
ELECTORAL - IT LICENCES Etc.	19,000	16,000
CENTRAL SUPPORT SERVS	37,500	38,250
HEALTH AND SAFETY	4,000	6,000
<b>TOTAL SUPPLIES/SERVICES</b>	<b>291,650</b>	<b>295,300</b>
TRANSPORT		
SUBSISTENCE	11,500	11,500
CONTRACT CAR SUBSIDY	30,000	28,000
CAR ALLOWANCES	25,000	25,000
<b>TOTAL TRANSPORT COSTS</b>	<b>66,500</b>	<b>64,500</b>
VALUATION APPEAL COMMITTEE	20,000	25,000
<b>TOTAL EXPENDITURE</b>	<b>3,536,451</b>	<b>3,489,993</b>
INCOME		
ADDITIONAL E.R. DUTIES	25,000	25,000
SURVEY FEES	100	100
SALE OF VR/CT LIST	200	200
SALE ERO	2,000	2,000
TELEPHONE CALLS	300	300
INTEREST ON BALANCE	3,000	1,600
NET INCOME	30,600	29,200
REGISTRATION RECHARGE	391,403	391,403
<b>TOTAL INCOME</b>	<b>422,003</b>	<b>420,603</b>
<b>NET EXPENDITURE</b>	<b>3,114,448</b>	<b>3,069,390</b>
<b>PROVISIONAL NET BUDGET</b>	<b>3,114,448</b>	<b>3,069,390</b>

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## REVENUE BUDGET 2011/12

## REQUISITION APPORTIONMENTS FOR CONSTITUENT COUNCILS

Council	Grant Aided Expenditure 2011/12			Total GAE and Requisition Apportionment
	Lands Valuation	Council Tax Valuation	Total Grant Aided Expenditure	
	£	£	£	
Angus	385	218	603	26.46%
Dundee City	462	299	761	33.39%
Perth & Kinross	637	278	915	40.15%
	<b>1,484</b>	<b>795</b>	<b>2,279</b>	<b>100.00%</b>

## PROPOSED REVENUE BUDGET 2011/12 REQUISITIONS

Council	Valuation Requisition Apportionment	£	Registration Recharge	£	Total Sum due to Tayside Valuation Joint Board	£
Angus	26.46%	812,161	156,422		968,583	
Dundee City	33.39%	1,024,869	0		1,024,869	
Perth & Kinross	40.15%	1,232,360	234,981		1,467,341	
	<b>100.00%</b>	<b>3,069,390</b>	<b>391,403</b>		<b>3,460,793</b>	