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**REPORT TO: TAYSIDE VALUATION JOINT BOARD
GENERAL PURPOSES SUB COMMITTEE – 13 JANUARY 2014**

REPORT ON: PROVISIONAL REVENUE BUDGET 2014/15

JOINT REPORT BY: ASSESSOR AND TREASURER

REPORT NO: TVJB 1-2014

1 PURPOSE OF REPORT

The purpose of this report is to submit the 2014/15 Provisional Revenue Budget for detailed consideration by the General Purposes Sub Committee.

2 RECOMMENDATIONS

It is recommended that the General Purposes Sub Committee:-

- a Notes the 2014/15 Provisional Revenue Budget for the Tayside Valuation Joint Board as detailed in Appendix A,
- b Notes that, in order to maintain requisition amounts at current levels, the sum of £21,000 will be taken from the General Reserve and used in setting the 2014/15 Revenue Budget,
- c Recommends to the Joint Board, the approval of the 2014/15 Revenue Budget as per Appendix A,
- d Recommends to the Joint Board that the apportionment of the 2014/15 Revenue Budget be based on the proportion of each Council's relevant 2014/15 Grant Aided Expenditure figures as detailed in Appendix B,
- e Recommends to the Joint Board that the 2014/15 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 2014/15 requisition from the Tayside Valuation Joint Board. It is essential that the Joint Board decides on its 2014/15 Revenue Budget and the consequential requisitions to the Councils, in order to allow the Councils to include these requisitions when finalising their own 2014/15 Revenue Budgets.

4 MAIN TEXT

2014/15 Provisional Revenue Budget

The Treasurer and Assessor have prepared the Provisional Revenue Budget for the financial year 2014/15, based on both the 2013/14 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 2014/15 will be 18% of employee's gross salary.
- No provision has been allowed for general inflation, however some items of specific inflation have been allowed, for example in respect of non domestic rates.
- In general, cost pressures and savings that have been identified during the current financial year have been incorporated in the Provisional Revenue Budget.
- Salary costs have been reduced for staff slippage of 1.75% per annum.

The Provisional Revenue Budget for 2014/15 has been thoroughly reviewed by the Assessor and Treasurer. As detailed in Appendix A, the sum of £21,000 will be taken from the General Reserve and used in setting the 2014/15 Revenue Budget resulting in a Provisional Net Revenue Budget for

2014/15 which represents a standstill budget based on the 2013/14 Revenue Budget set in January 2013.

In the 2014/15 Provisional Revenue Budget, staff costs have increased by 1.5% due to increments and an assumed 1% pay award. Slippage remains at 1.75%. An increase in property costs has been offset by decreases in supplies and services and transport costs. The budget for valuation appeal committee expenses has been reduced slightly, however, the Assessor stresses that this is an area where the number and/or nature of appeals received and the potentially significant costs associated with them is highly unpredictable.

The registration recharge has been increased by £4,000 in line with the 1% pay award. This is offset by a reduction of £4,500 in the additional electoral registration duties recharge, and as a result of this £500 net saving, the recharges to Perth & Kinross and Angus Council will show a very small reduction.

Overall, the 2014/15 provisional net budget for requisition purposes remains unchanged, based on 2013/14, at £2,864,701.

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 Council.

As outlined above, the CIPFA guidance on Reserves and Balances requires a protocol for the operation of the 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 Sub-Committee is advised that the Board's 2012/13 Audited Statement of Accounts showed a General Reserve balance of £103,000 at 31 March 2013.

The latest 2013/14 revenue monitoring report to 30 September 2013 highlighted a projected underspend of £22,000, mainly due to underspends in staff 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 in line with the previous decisions of the Board. Therefore the level of the General Reserve at 31 March 2014 is projected to be £103,000.

It has previously been the opinion of the Treasurer that the minimum level of uncommitted balances the Board should operate with is £100,000. However, this has been reviewed in light of the relatively low financial risk profile of the Board and the current financial pressures on Councils, particularly in terms of flat-cash settlements. In order to ensure no increase in the requisition from the Constituent Councils in 2014/15, the Treasurer has advised that the sum of £21,000 can be taken from the General Reserve and used in setting the 2014/15 Revenue Budget. As a result, the estimated General Reserve balance at 31st March 2015 is £82,000. It is the professional opinion of the Treasurer that the minimum level of uncommitted balances that the Board should operate with is £60,000 (around 2% of net expenditure).

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 2014/15 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 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 2014/15 is detailed in Appendix B. The 2014/15 requisitions are based on the 2014/15 Grant Aided Expenditure data for each Council.

5 CONCLUSION

The Provisional 2014/15 Revenue Budget is enclosed in order that the Tayside Valuation Joint Board may approve the budget, and agree the 2014/15 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

**ALASTAIR KIRKWOOD
ASSESSOR**

09 DECEMBER 2013

**MARJORY STEWART
TREASURER**

09 DECEMBER 2013

EXPENDITURE BY BUDGET HEAD	2013 - 2014 REVENUE BUDGET	PROPOSED INCREASE / (SAVINGS)	PROPOSED 2014- 2015 REVENUE BUDGET
STAFF COSTS			
GROSS PAY			
CHIEF OFFICER	330,012	3,297	333,309
PRINCIPAL OFFICER	744,599	10,870	755,469
ADMIN	143,065	3,840	146,905
GENERAL DIVISION	345,571	4,565	350,136
TECHNICAL	362,333	8,083	370,416
TRAINEE	66,232	2,817	69,049
	1,991,812	33,472	2,025,284
N INSURANCE			
CHIEF OFFICER	34,514	331	34,845
PRINCIPAL OFFICER	62,973	754	63,727
ADMIN	9,814	253	10,067
GENERAL DIVISION	16,556	323	16,879
TECHNICAL	25,021	475	25,496
TRAINEE	4,356	219	4,575
	153,234	2,355	155,589
SUPERANNUATION			
CHIEF OFFICER	59,402	594	59,996
PRINCIPAL OFFICER	134,028	1,956	135,984
ADMIN	25,752	691	26,443
GENERAL DIVISION	59,106	3,919	63,025
TECHNICAL	65,220	1,455	66,675
TRAINEE	11,922	507	12,429
	355,430	9,122	364,552
TOTAL SALARY COSTS	2,500,476	44,949	2,545,425
SLIPPAGE (1.75%)	(43,758)	(787)	(44,545)
NET SALARY COSTS	2,456,718	44,162	2,500,880
ADDITIONAL E.R. DUTIES	31,500	(4,500)	27,000
OVERTIME	5,000	0	5,000
COURSES/CONFERENCES	5,000	0	5,000
TRAINING COURSES	15,000	0	15,000
ADV EMPLOYMENT etc	5,000	(2,000)	3,000
NET STAFF COSTS	2,518,218	37,662	2,555,880
PROPERTY			
RENT - PITKERRO/PERTH STORE	9,000	0	9,000
RATES - DUNDEE	40,400	800	41,200
RATES - ANGUS	7,800	200	8,000
RATES - PERTH	24,900	500	25,400
REPAIRS AND MAINTENANCE	4,000	0	4,000
FIXTURES/FITTINGS	1,000	0	1,000
CLEANING DSO	18,000	200	18,200
WATER/SEWER	7,500	0	7,500
ELECTRICITY - DUNDEE	10,000	150	10,150
ACCOMMODATION - WHITEHALL HSE	110,000	0	110,000
ACCOMMODATION - ANGUS	24,000	0	24,000
ACCOMMODATION - PERTH	77,000	0	77,000
TOTAL PROPERTY COSTS	333,600	1,850	335,450

EXPENDITURE BY BUDGET HEAD	2013 - 2014 REVENUE BUDGET	PROPOSED INCREASE / (SAVINGS)	PROPOSED 2014- 2015 REVENUE BUDGET
SUPPLIES/SERVICES			
EQUIPMENT - OFFICE	1,000	0	1,000
FURNITURE - PURCHASE	1,000	0	1,000
MAINTENANCE	8,000	0	8,000
PRINTING	10,000	(2,000)	8,000
PRINTING ERO	13,000	0	13,000
TELEPHONE REGISTRATION	4,600	0	4,600
STATIONERY	8,000	0	8,000
PHOTOCOPYING	2,000	0	2,000
REF BOOKS	9,000	0	9,000
AUDIT FEE	8,800	0	8,800
INTERNAL AUDIT SERVICES	18,000	0	18,000
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	6,600	0	6,600
EXHIBITION OF LISTS	500	0	500
INSURANCE /RISK MGT	24,400	500	24,900
COMPUTER SERVICE	41,000	0	41,000
ELECTORAL - IT LICENCES Etc.	16,000	0	16,000
CENTRAL SUPPORT SERVS	38,650	350	39,000
HEALTH AND SAFETY	8,000	(5,000)	3,000
TOTAL SUPPLIES/SERVICES	324,800	(6,150)	318,650
TRANSPORT			
SUBSISTENCE	11,500	0	11,500
CONTRACT CAR SUBSIDY	28,000	(4,000)	24,000
CAR ALLOWANCES	25,000	(4,000)	21,000
TOTAL TRANSPORT COSTS	64,500	(8,000)	56,500
VALUATION APPEAL COMMITTEE	55,000	(5,000)	50,000
TOTAL EXPENDITURE	3,296,118	20,362	3,316,480
INCOME			
ADDITIONAL E.R. DUTIES	31,500	(4,500)	27,000
SURVEY FEES	100	0	100
SALE OF VR/CT LIST	200	0	200
SALE ERO	2,000	0	2,000
TELEPHONE CALLS	300	0	300
INTEREST ON BALANCE	2,000	0	2,000
NET INCOME	36,100	(4,500)	31,600
REGISTRATION RECHARGE	395,317	3,953	399,270
TOTAL INCOME	431,417	(547)	430,870
NET EXPENDITURE	2,864,701	20,909	2,885,610
USE OF BALANCES	0	20,909	20,909
PROVISIONAL NET BUDGET	2,864,701	0	2,864,701

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REVENUE BUDGET 2014/15

REQUISITION APPORTIONMENTS FOR CONSTITUENT COUNCILS

Council	Grant Aided Expenditure 2014/15			Total GAE and Requisition Apportionment
	Lands Valuation	Council Tax Valuation	Total Grant Aided Expenditure	
Angus	380	219	599	26.43%
Dundee City	458	296	754	33.28%
Perth & Kinross	635	278	913	40.29%
	1,473	793	2,266	100.00%

PROPOSED REVENUE BUDGET 2014/15 REQUISITIONS

Council	Valuation Apportionment	Requisition	Registration Recharge	Additional ER Duties Recharge	Total Sum due to Tayside Valuation Joint Board
Angus	26.43%	757,140	159,566	11,500	928,206
Dundee City	33.28%	953,373	0	0	953,373
Perth & Kinross	40.29%	1,154,188	239,704	15,500	1,409,392
	100.00%	2,864,701	399,270	27,000	3,290,971