

**REPORT TO:** TAYSIDE VALUATION JOINT BOARD – 26 JANUARY 2015  
**REPORT ON:** PROVISIONAL REVENUE BUDGET 2015/16  
**JOINT REPORT BY:** ASSESSOR AND TREASURER  
**REPORT NO:** TVJB 1-2015

## 1 PURPOSE OF REPORT

The purpose of this report is to submit the Joint Board's 2015/16 Provisional Revenue Budget for approval.

## 2 RECOMMENDATIONS

It is recommended that the Joint Board:-

- a approves the 2015/16 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 £18,000 will be taken from the General Reserve and used in setting the 2015/16 Revenue Budget,
- c approves the apportionment of the 2015/16 Revenue Budget be based on the proportion of each Council's relevant 2015/16 Grant Aided Expenditure figures as detailed in Appendix B,
- d approves the 2015/16 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 2015/16 requisition from the Tayside Valuation Joint Board. It is essential that the Joint Board decides on its 2015/16 Revenue Budget and the consequential requisitions to the Councils, in order to allow the Councils to include these requisitions when finalising their own 2015/16 Revenue Budgets.

## 4 MAIN TEXT

### **2015/16 Provisional Revenue Budget**

The Treasurer and Assessor have prepared the Provisional Revenue Budget for the financial year 2015/16, based on both the 2014/15 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 1.5% per annum and the budget includes provision for the effects of incremental progression.
- The employers superannuation contribution rate for 2015/16 will be reduced from 18% to 17% 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 2.50% per annum.

The Provisional Revenue Budget for 2015/16 has been thoroughly reviewed by the Assessor and Treasurer. As detailed in Appendix A, the sum of £18,000 will be taken from the General Reserve and used in setting the 2015/16 Revenue Budget resulting in a Provisional Net Revenue Budget for 2015/16 which represents a standstill budget based on the 2014/15 Revenue Budget set in January 2014.

In the 2015/16 Provisional Revenue Budget, the increase in staff costs has been kept to 0.05% despite increments and an assumed pay award of 1.5%. This has been achieved mainly by filling

vacant posts with lower grades, reducing superannuation by 1% and increasing slippage to 2.5%. Property costs have increased by 0.62%, supplies and services have increased by 1.76% while transport costs and valuation appeal committee expenses have remained unchanged. The budget increases detailed above have been partially offset by an increase in income from sales of the Register of Electors.

In addition, the registration recharge has been increased by £6,000 in line with the 1.5% assumed pay award, while the additional electoral registration duties recharge has remained unchanged.

Overall, the 2015/16 provisional net budget for requisition purposes remains unchanged, based on 2014/15, 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 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 2013/14 Audited Statement of Accounts showed a General Reserve balance of £103,000 at 31 March 2014.

The latest 2014/15 Revenue Monitoring report to 31 December 2014 highlights a projected underspend of £12,000. If the final outturn is an underspend, this will be used to replenish the General Reserve up to the £21,000 which was used in setting the 2014/15 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 2015 is projected to be £94,000 (taking account of the projected outturn for 2014/15).

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 flat-cash settlements, the Treasurer has advised that in order to ensure no increase in the overall requisition from the constituent Councils in 2015/16, the sum of £18,000 can be taken from the General Reserve and used in setting the 2015/16 Revenue Budget. As a result, the estimated General Reserve balance at 31<sup>st</sup> March 2016 (taking account of the projected outturn at 31<sup>st</sup> March 2015 detailed above), is £76,000.

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 2015/16 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

### **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 2015/16 is detailed in Appendix B. The 2015/16 requisitions are based on the 2015/16 Grant Aided Expenditure data for each Council.

#### **5 CONCLUSION**

The Provisional 2015/16 Revenue Budget is enclosed in order that the Tayside Valuation Joint Board may approve the budget, and agree the 2015/16 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**

**14 JANUARY 2015**

**MARJORY STEWART  
TREASURER**

**14 JANUARY 2015**

EXPENDITURE BY BUDGET HEAD	2014 - 2015 REVENUE BUDGET	PROPOSED INCREASE / (SAVINGS)	PROPOSED 2015-2016 REVENUE BUDGET
<b>STAFF COSTS</b>			
<b>GROSS PAY</b>			
CHIEF OFFICER	333,309	5,013	338,322
PRINCIPAL OFFICER	755,469	(27,608)	727,861
ADMIN	146,905	3,695	150,600
GENERAL DIVISION	350,136	34,582	384,718
TECHNICAL	370,416	5,152	375,568
TRAINEE	69,049	3,955	73,004
	<b>2,025,284</b>	<b>24,789</b>	<b>2,050,073</b>
<b>N INSURANCE</b>			
CHIEF OFFICER	34,845	527	35,372
PRINCIPAL OFFICER	63,727	(3,688)	60,039
ADMIN	10,067	185	10,252
GENERAL DIVISION	16,879	1,413	18,292
TECHNICAL	25,496	866	26,362
TRAINEE	4,575	312	4,887
	<b>155,589</b>	<b>(385)</b>	<b>155,204</b>
<b>SUPERANNUATION</b>			
CHIEF OFFICER	59,996	(2,481)	57,515
PRINCIPAL OFFICER	135,984	(12,248)	123,736
ADMIN	26,443	(841)	25,602
GENERAL DIVISION	63,025	1,477	64,502
TECHNICAL	66,675	(2,829)	63,846
TRAINEE	12,429	(18)	12,411
	<b>364,552</b>	<b>(16,940)</b>	<b>347,612</b>
<b>TOTAL SALARY COSTS</b>	<b>2,545,425</b>	<b>7,464</b>	<b>2,552,889</b>
SLIPPAGE 2.5% - 2015/16 (1.75% - 2014/15)	(44,545)	(19,277)	(63,822)
STRAIN ON FUND COSTS	0	18,000	18,000
<b>NET SALARY COSTS</b>	<b>2,500,880</b>	<b>6,187</b>	<b>2,507,067</b>
ADDITIONAL E.R. DUTIES	27,000	0	27,000
OVERTIME	5,000	0	5,000
COURSES/CONFERENCES	5,000	0	5,000
TRAINING COURSES	15,000	(5,000)	10,000
ADV EMPLOYMENT etc	3,000	0	3,000
<b>NET STAFF COSTS</b>	<b>2,555,880</b>	<b>1,187</b>	<b>2,557,067</b>
<b>PROPERTY</b>			
RENT - PITKERRO/PERTH STORE	9,000	0	9,000
RATES - DUNDEE	41,200	825	42,025
RATES - ANGUS	8,000	160	8,160
RATES - PERTH	25,400	510	25,910
REPAIRS AND MAINTENANCE	4,000	0	4,000
FIXTURES/FITTINGS	1,000	0	1,000
CLEANING DSO	18,200	300	18,500
WATER/SEWER	7,500	150	7,650
ELECTRICITY - DUNDEE	10,150	150	10,300
ACCOMMODATION - WHITEHALL HSE	110,000	0	110,000
ACCOMMODATION - ANGUS	24,000	(1,000)	23,000
ACCOMMODATION - PERTH	77,000	1,000	78,000
<b>TOTAL PROPERTY COSTS</b>	<b>335,450</b>	<b>2,095</b>	<b>337,545</b>

EXPENDITURE BY BUDGET HEAD	2014 - 2015 REVENUE BUDGET	PROPOSED INCREASE / (SAVINGS)	PROPOSED 2015-2016 REVENUE BUDGET
<b>SUPPLIES/SERVICES</b>			
EQUIPMENT - OFFICE	1,000	0	1,000
FURNITURE - PURCHASE	1,000	0	1,000
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	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	(4,000)	14,000
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	24,900	0	24,900
COMPUTER SERVICE	41,000	9,000	50,000
ELECTORAL - IT LICENCES Etc.	16,000	0	16,000
CENTRAL SUPPORT SERVS	39,000	600	39,600
HEALTH AND SAFETY	3,000	0	3,000
<b>TOTAL SUPPLIES/SERVICES</b>	<b>318,650</b>	<b>5,600</b>	<b>324,250</b>
<b>TRANSPORT</b>			
SUBSISTENCE	11,500	0	11,500
CONTRACT CAR SUBSIDY	24,000	0	24,000
CAR ALLOWANCES	21,000	0	21,000
<b>TOTAL TRANSPORT COSTS</b>	<b>56,500</b>	<b>0</b>	<b>56,500</b>
<b>VALUATION APPEAL COMMITTEE</b>	<b>50,000</b>	<b>0</b>	<b>50,000</b>
<b>TOTAL EXPENDITURE</b>	<b>3,316,480</b>	<b>8,882</b>	<b>3,325,362</b>
<b>INCOME</b>			
ADDITIONAL E.R. DUTIES	27,000	0	27,000
SURVEY FEES	100	0	100
SALE OF VR/CT LIST	200	0	200
SALE ERO	2,000	6,000	8,000
TELEPHONE CALLS	300	0	300
INTEREST ON BALANCE	2,000	0	2,000
<b>NET INCOME</b>	<b>31,600</b>	<b>6,000</b>	<b>37,600</b>
REGISTRATION RECHARGE	399,270	5,989	405,259
<b>TOTAL INCOME</b>	<b>430,870</b>	<b>11,989</b>	<b>442,859</b>
<b>NET EXPENDITURE</b>	<b>2,885,610</b>	<b>(3,107)</b>	<b>2,882,503</b>
<b>PROVISIONAL NET BUDGET</b>	<b>2,885,610</b>	<b>(3,107)</b>	<b>2,882,503</b>
Use of Balances	(20,909)	3,107	(17,802)
<b>PROVISIONAL NET BUDGET</b>	<b>2,864,701</b>	<b>(0)</b>	<b>2,864,701</b>

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## REVENUE BUDGET 2015/16

## REQUISITION APPORTIONMENTS FOR CONSTITUENT COUNCILS

Council	Grant Aided Expenditure 2015/16			Total GAE and Requisition Apportionment
	Land Valuation	Council Tax Valuation	Total Grant Aided Expenditure	
Angus	372	218	590	26.16%
Dundee City	454	293	747	33.13%
Perth & Kinross	640	278	918	40.71%
	<b>1,466</b>	<b>789</b>	<b>2,255</b>	<b>100.00%</b>

## PROPOSED REVENUE BUDGET 2015/16 REQUISITIONS

Council	Valuation Apportionment	Requisition	Registration Recharge	Additional ER Duties Recharge	Total Sum due to Tayside Valuation Joint Board
Angus	26.16%	749,406	161,959	11,500	922,865
Dundee City	33.13%	949,075	0	0	949,075
Perth & Kinross	40.71%	1,166,220	243,300	15,500	1,425,020
	<b>100.00%</b>	<b>2,864,701</b>	<b>405,259</b>	<b>27,000</b>	<b>3,296,960</b>