

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 25 JANUARY 2016
REPORT ON: PROVISIONAL REVENUE BUDGET 2016/17
JOINT REPORT BY: ASSESSOR AND TREASURER
REPORT NO: TVJB 1-2016

1 PURPOSE OF REPORT

The purpose of this report is to submit the Joint Board's 2016/17 Provisional Revenue Budget for approval.

2 RECOMMENDATIONS

It is recommended that the Joint Board:-

- a approves the 2016/17 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 £23,000 will be taken from the General Reserve and used in setting the 2016/17 Revenue Budget,
- c approves the apportionment of the 2016/17 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 2016/17 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 2016/17 requisition from the Tayside Valuation Joint Board. It is essential that the Joint Board decides on its 2016/17 Revenue Budget and the consequential requisitions to the Councils, in order to allow the Councils to include these requisitions when finalising their own 2016/17 Revenue Budgets.

4 MAIN TEXT

2016/17 Provisional Revenue Budget

The Treasurer and Assessor have prepared the Provisional Revenue Budget for the financial year 2016/17, based on both the 2015/16 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 2016/17 will be maintained at 17% of employee's gross salary.
- The termination of the contracting out arrangements and related rebate on employers national insurance calculations.
- 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.
- The reduction of salary costs for staff slippage has been maintained at 2.50% per annum.

The Provisional Revenue Budget for 2016/17 has been thoroughly reviewed by the Assessor and Treasurer. As detailed in Appendix A, the sum of £23,000 will be taken from the General Reserve and used in setting the 2016/17 Revenue Budget resulting in a Provisional Net Revenue Budget for 2016/17 which represents a 1% reduction based on the 2015/16 Revenue Budget set in January 2015.

In the 2016/17 Provisional Revenue Budget, the increase in staff costs has been kept to 0.05% despite increments, an assumed pay award of 1% and the removal of the rebate on national insurance costs. This has been achieved by removing a Senior Valuers post from the establishment and reviewing the staffing structure. Property costs have increased by 0.2%, supplies and services have reduced by 1.75% while transport costs and valuation appeal committee expenses have remained unchanged.

In addition, the registration recharge has been increased by £4,053 in line with the 1.% assumed pay award, while the additional electoral registration duties recharge has remained unchanged.

Overall, the 2016/17 provisional net budget for requisition purposes has reduced by £28,393, based on 2015/16, at £2,836,308.

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 2014/15 Audited Annual Accounts showed a General Reserve balance of £103,000 at 31 March 2015.

The latest 2015/16 Revenue Monitoring report to 31 December 2015 highlights a projected underspend of £97,000. If the final outturn is an underspend, this will be used to replenish the General Reserve up to the £18,000 which was used in setting the 2015/16 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 2016 is projected to be £103,000 (taking account of the projected outturn for 2015/16).

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 minimise the increase in the overall requisition from the constituent Councils in 2016/17, the sum of £23,000 can be taken from the General Reserve and used in setting the 2016/17 Revenue Budget. As a result, the estimated General Reserve balance at 31st March 2017 (taking account of the projected outturn at 31st March 2016 detailed above), is £80,000.

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 2016/17 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(GAE) figures. The Scottish Government have not issued the 2016/17 GAE figures at the time of writing this report. Therefore, it is proposed that the 2015/16 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 2016/17 is detailed in Appendix B. The 2016/17 requisitions are based on the 2015/16 Grant Aided Expenditure data for each Council.

5 CONCLUSION

The Provisional 2016/17 Revenue Budget is enclosed in order that the Tayside Valuation Joint Board may approve the budget, and agree the 2016/17 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 2016

MARJORY STEWART
TREASURER

14 JANUARY 2016

TVJB REVENUE BUDGET 2016/17

APPENDIX A

EXPENDITURE BY BUDGET HEAD	2015 - 2016 REVENUE BUDGET	PROPOSED SAVINGS	PROPOSED 2016- 2017 REVENUE BUDGET
STAFF COSTS			
GROSS PAY			
CHIEF OFFICER	338,322	(3,375)	341,697
PRINCIPAL OFFICER	727,861	68,251	659,610
ADMIN	150,600	(270)	150,870
GENERAL DIVISION	384,718	13,321	371,397
TECHNICAL	375,568	5,667	369,901
TRAINEE	73,004	(33,505)	106,509
	2,050,073	50,089	1,999,984
N INSURANCE			
CHIEF OFFICER	35,372	(6,221)	41,593
PRINCIPAL OFFICER	60,039	(13,191)	73,230
ADMIN	10,252	(3,894)	14,146
GENERAL DIVISION	18,292	(7,378)	25,670
TECHNICAL	26,362	(7,999)	34,361
TRAINEE	4,887	(5,362)	10,249
	155,204	(44,045)	199,249
SUPERANNUATION			
CHIEF OFFICER	57,515	(573)	58,088
PRINCIPAL OFFICER	123,736	11,602	112,134
ADMIN	25,602	(46)	25,648
GENERAL DIVISION	64,502	1,364	63,138
TECHNICAL	63,846	963	62,883
TRAINEE	12,411	(5,696)	18,107
	347,612	7,614	339,998
TOTAL SALARY COSTS	2,552,889	13,658	2,539,231
SLIPPAGE (2.5%)	(63,822)	(341)	(63,481)
STRAIN ON FUND COSTS	18,000	0	18,000
NET SALARY COSTS	2,507,067	13,317	2,493,750
ADDITIONAL E.R. DUTIES	27,000	0	27,000
OVERTIME	5,000	0	5,000
COURSES/CONFERENCES	5,000	0	5,000
TRAINING COURSES	10,000	0	10,000
ADV EMPLOYMENT etc	3,000	1,000	2,000
NET STAFF COSTS	2,557,067	14,317	2,542,750
PROPERTY			
RENT - PITKERRO/PERTH STORE	9,000	0	9,000
RATES - DUNDEE	42,025	(840)	42,865
RATES - ANGUS	8,160	(165)	8,325
RATES - PERTH	25,910	(520)	26,430
REPAIRS AND MAINTENANCE	4,000	1,000	3,000
FIXTURES/FITTINGS	1,000	0	1,000
CLEANING DSO	18,500	(200)	18,700
WATER/SEWER	7,650	(150)	7,800
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
TOTAL PROPERTY COSTS	337,545	(875)	338,420

SUPPLIES/SERVICES

EQUIPMENT - OFFICE	1,000	500	500
FURNITURE - PURCHASE	1,000	500	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	8,000	1,000	7,000
PHOTOCOPYING	2,000	1,000	1,000
REF BOOKS	9,000	0	9,000
AUDIT FEE	8,800	0	8,800
INTERNAL AUDIT SERVICES	14,000	7,000	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	6,600	1,100	5,500
EXHIBITION OF LISTS	500	0	500
INSURANCE /RISK MGT	24,900	0	24,900
COMPUTER SERVICE	50,000	(5,000)	55,000
ELECTORAL - IT LICENCES Etc.	16,000	0	16,000
CENTRAL SUPPORT SERVS	39,600	(400)	40,000
HEALTH AND SAFETY	3,000	0	3,000

TOTAL SUPPLIES/SERVICES	324,250	5,700	318,550
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TRANSPORT

SUBSISTENCE	11,500	0	11,500
CONTRACT CAR SUBSIDY	24,000	0	24,000
CAR ALLOWANCES	21,000	0	21,000

TOTAL TRANSPORT COSTS	56,500	0	56,500
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VALUATION APPEAL COMMITTEE	50,000	0	50,000
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TOTAL EXPENDITURE	3,325,362	19,142	3,306,220
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INCOME

ADDITIONAL E.R. 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

NET INCOME	37,600	0	37,600
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REGISTRATION RECHARGE	405,259	(4,053)	409,312
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TOTAL INCOME	442,859	(4,053)	446,912
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NET EXPENDITURE	2,882,503	23,195	2,859,308
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PROVISIONAL NET BUDGET	2,882,503	23,195	2,859,308
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Use of Balances	(17,802)	5,198	(23,000)
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PROVISIONAL NET BUDGET	2,864,701	28,393	2,836,308
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TVJB

REVENUE BUDGET 2016/17

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%
	1,466	789	2,255	100.00%

PROPOSED REVENUE BUDGET 2016/17 REQUISITIONS

Council	Valuation Apportionment	Requisition	Registration Recharge	Additional ER Duties Recharge	Total Sum due to Tayside Valuation Joint Board
Angus	26.16%	741,978	163,579	11,500	917,057
Dundee City	33.13%	939,669	0	0	939,669
Perth & Kinross	40.71%	1,154,661	245,733	15,500	1,415,894
	100.00%	2,836,308	409,312	27,000	3,272,620