

REPORT TO: TAYSIDE VALUATION JOINT BOARD - 30 JANUARY 2012

REPORT ON: PROVISIONAL REVENUE BUDGET 2012/13

JOINT REPORT BY: ASSESSOR AND TREASURER

REPORT NO: TVJB 3-2012

1 PURPOSE OF REPORT

The purpose of this report is to detail the recommendations of the General Purposes Sub Committee meeting of 16 January 2012 in respect of Provisional Revenue Budget for 2012/13.

2 RECOMMENDATIONS

It is recommended that the Joint Board accept the recommendations of the General Purposes Sub Committee of 16 January 2012, and:-

- a approves the Provisional Revenue Budget for 2012/13 for the Tayside Valuation Joint Board (as adjusted to reflect the reduction in employers superannuation contribution rate from 18.5% to 18%), as detailed in Appendix A,
- b approves the apportionment of the 2012/13 Revenue Budget, which is based on the proportion of each Council's relevant 2012/13 Grant Aided Expenditure figures as detailed in Appendix B, and
- c approves the 2012/13 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 2012/13 requisition from the Tayside Valuation Joint Board. It is essential that the Joint Board decides on its 2012/13 Revenue Budget and the consequential requisitions to the Councils, in order to allow the Councils to include these requisitions when finalising their own 2012/13 Revenue Budgets.

4 MAIN TEXT

2012/13 Provisional Revenue Budget

The Treasurer and Assessor have prepared the Provisional Revenue Budget for the financial year 2012/13, based on both the 2011/12 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 2012/13.
- b Following the latest triennial actuarial valuation, the employers superannuation contribution rate for 2012/13 will be reduced from 18.5% to 18% of employee's gross salary. This adjustment will result in a saving of £9,800.
- c 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 and energy costs.

- 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 increased due to a slight increase in interest rates.

The Provisional Revenue Budget for 2012/13 has been thoroughly reviewed by the Assessor and Treasurer, and as detailed in Appendix A, the Provisional Net Revenue Budget for 2012/13 represents a decrease of £118,712 (4%) based on the 2011/12 Revenue Budget set in January 2011.

In the 2012/13 Provisional Revenue Budget, staff costs have reduced by 5.62%, with slippage remaining at 1.75%. Increases in property costs, supplies and services and valuation appeal committee expenses have resulted in an overall decrease in total expenditure for 2011/12 of 3.44%.

An 8% increase in additional electoral registration duties reflects the increasing cost of providing this service, whilst the 25% increase in interest on revenue balances is due to a slight increase in interest rates.

Overall, the provisional net budget has decreased from £2,967,703 in 2011/12 to £2,848,991 in 2012/13, a reduction of 4%.

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 2010/11 Audited Statement of Accounts showed a General Reserve balance of £103,000 at 31 March 2011. There are no commitments against the General Reserve balance.

The latest 2011/12 revenue monitoring report to 31 December 2011 highlighted a projected underspend of £137,200, due to savings in staff costs, as well as projected underspends in property, supplies and services, and transport costs slightly offset by a projected overspend in valuation appeal expenses. 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 2012/13 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 2012/13 is detailed in Appendix B. The 2012/13 requisitions are based on the 2012/13 Grant Aided Expenditure data for each Council.

5 CONCLUSION

The Provisional 2012/13 Revenue Budget is enclosed in order that the Tayside Valuation Joint Board may approve the budget, and agree the 2012/13 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

**JOHN GALBRAITH
ASSESSOR**

18 JANUARY 2012

**MARJORY STEWART
TREASURER**

18 JANUARY 2012

EXPENDITURE BY BUDGET HEAD	2011-2012 REVENUE BUDGET	INCREASE/ (DECREASE)	PROPOSED 2012-2013 REVENUE BUDGET
STAFF COSTS			
GROSS PAY			
CHIEF OFFICER	306,374	20,377	326,751
PRINCIPAL OFFICER	916,088	(153,075)	763,013
ADMIN	155,301	(13,441)	141,860
GENERAL DIVISION	335,580	15,453	351,033
TECHNICAL	366,075	8,103	374,178
TRAINEE	0	53,210	53,210
	2,079,418	(69,373)	2,010,045
N INSURANCE			
CHIEF OFFICER	30,099	3,687	33,786
PRINCIPAL OFFICER	73,745	(10,636)	63,109
ADMIN	10,329	(677)	9,652
GENERAL DIVISION	19,229	(2,212)	17,017
TECHNICAL	25,162	941	26,103
TRAINEE	0	3,979	3,979
	158,564	(4,918)	153,646
SUPERANNUATION			
CHIEF OFFICER	56,679	2,136	58,815
PRINCIPAL OFFICER	169,499	(32,157)	137,342
ADMIN	28,731	(3,196)	25,535
GENERAL DIVISION	58,931	(131)	58,800
TECHNICAL	67,724	(372)	67,352
TRAINEE	0	9,578	9,578
	381,564	(24,142)	357,422
TOTAL SALARY COSTS	2,619,546	(98,433)	2,521,113
SLIPPAGE (1.75%)	(45,843)	1,724	(44,119)
STRAIN ON FUND COSTS	55,703	(55,703)	0
NET SALARY COSTS	2,629,406	(152,412)	2,476,994
ADDITIONAL E.R. DUTIES	25,000	2,000	27,000
OVERTIME	5,000	0	5,000
COURSES/CONFERENCES	5,000	0	5,000
TRAINING COURSES	5,000	0	5,000
ADV EMPLOYMENT etc	5,000	0	5,000
NET STAFF COSTS	2,674,406	(150,412)	2,523,994
PROPERTY			
RENT - PITKERRO/PERTH STORE	9,000	0	9,000
RATES - DUNDEE	37,500	2,100	39,600
RATES - ANGUS	7,200	400	7,600
RATES - PERTH	23,100	1,300	24,400
REPAIRS AND MAINTENANCE	3,400	10,900	14,300
FIXTURES/FITTINGS	1,000	0	1,000
CLEANING DSO	20,000	0	20,000
WATER/SEWER	7,000	0	7,000
ELECTRICITY - DUNDEE	9,900	100	10,000
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	329,100	14,800	343,900

EXPENDITURE BY BUDGET HEAD	2011-2012 REVENUE BUDGET	INCREASE/ (DECREASE)	PROPOSED 2012-2013 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	0	10,000
PRINTING ERO	12,000	0	12,000
TELEPHONE REGISTRATION	4,600	0	4,600
STATIONERY	8,000	0	8,000
PHOTOCOPYING	3,000	0	3,000
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	71,800	0	71,800
MISC SUPPLIES ETC	6,600	0	6,600
EXHIBITION OF LISTS	500	0	500
INSURANCE /RISK MGT	23,500	300	23,800
COMPUTER SERVICE	28,000	6,000	34,000
ELECTORAL - IT LICENCES Etc.	16,000	0	16,000
CENTRAL SUPPORT SERVS	38,250	0	38,250
HEALTH AND SAFETY	6,000	8,000	14,000
TOTAL SUPPLIES/SERVICES	295,300	14,300	309,600
TRANSPORT			
SUBSISTENCE	11,500	0	11,500
CONTRACT CAR SUBSIDY	28,000	0	28,000
CAR ALLOWANCES	25,000	0	25,000
TOTAL TRANSPORT COSTS	64,500	0	64,500
VALUATION APPEAL COMMITTEE	25,000	5,000	30,000
TOTAL EXPENDITURE	3,388,306	(116,312)	3,271,994
INCOME			
ADDITIONAL E.R. DUTIES	25,000	2,000	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	1,600	400	2,000
NET INCOME	29,200	2,400	31,600
REGISTRATION RECHARGE	391,403	0	391,403
TOTAL INCOME	420,603	2,400	423,003
NET EXPENDITURE	2,967,703	(118,712)	2,848,991
PROVISIONAL NET BUDGET	2,967,703	(118,712)	2,848,991

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REVENUE BUDGET 2012/13

REQUISITION APPORTIONMENTS FOR CONSTITUENT COUNCILS

Council	Grant Aided Expenditure 2012/13			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 2012/13 REQUISITIONS

Council	Valuation Apportionment	Requisition	Registration Recharge	Additional ER Duties Recharge	Total Sum due to Tayside Valuation Joint Board
Angus	26.43%	752,988	156,422	11,500	920,910
Dundee City	33.28%	948,144	0	0	948,144
Perth & Kinross	40.29%	1,147,859	234,981	15,500	1,398,340
	100.00%	2,848,991	391,403	27,000	3,267,394