

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 23 JANUARY 2023

REPORT ON: REVENUE BUDGET 2023/24 TO 2027/28

JOINT REPORT BY: ASSESSOR AND TREASURER

REPORT NO: TVJB5-2023

1 PURPOSE OF REPORT

The purpose of this report is to submit the Joint Board's 2023/24 Revenue Budget for approval and set the level requisitions payable by the constituent authorities.

2 RECOMMENDATIONS

It is recommended that the Joint Board:-

- a approves the 2023/24 Revenue Budget for the Tayside Valuation Joint Board as detailed in Appendix A.
- b notes that the sum of £32,000 will be taken from the General Reserve and used in setting the 2023/24 Revenue Budget. Of this £32,000; £27,000 relates to offsetting Barclay Costs and an additional £5,000 to balance the budget.
- c approves the apportionment of the 2023/24 Revenue Budget be based on the proportion of each Council's relevant 2022/23 Grant Aided Expenditure figures the 2023/24 requisitions for the three constituent Councils be as detailed in Appendix B,
- d note that Scottish Government income is based on current indications and the effect of any in year adjustments will be monitored and reported as required,
- e notes the indicative Revenue Budgets for 2024/25 to 2027/28 as detailed in Appendix C.

3 FINANCIAL IMPLICATIONS

The overall cost of providing the service in 2023/24 will be £3.711m and is further detailed in Appendix A, the majority of this will be funded by requisitioning the three constituent Councils the amounts set out in Appendix B.

4 MAIN TEXT

4.1 2023/24 Revenue Budget

4.1.1 The Treasurer and Assessor have prepared the Revenue Budget for the financial year 2023/24, based on both the 2022/23 Revenue Budget and current financial year revenue monitoring position, and after taking cognisance of the following factors: -

- Pay Award has been based estimated at 3.5% for 2023/20 and 2% thereafter, and the budget includes provision for the effects of incremental progression.
- Superannuation contribution rates will be maintained at 17% of employee's gross salary.
- National Insurance rates will remain in line with 2022/23.
- In general, cost pressures and savings that have been identified during the current financial year have been incorporated.
- Staff slippage has been increased from 4% to 6%.

4.1.2 The sum of £32,000 will be taken from the General Reserve and used in setting the 2023/24 Revenue Budget. £27,000 of the General Reserves relates to offsetting Barclay Costs and an additional £5,000 to balance the budget. The Provisional Net Revenue Budget will remain at £2,793,000 which is the same level as 2022/23.

4.1.3 In setting the 2023/24 Revenue Budget, salary costs have been increased by 3.5%. This has been partially offset by the removal of one existing vacant post (£63k). Property costs overall have reduced by £10,000 resulting from relocation within William Wallace House. This move provided significant

savings (£24k). However, this was partially offset by rising utility and service costs at Robertson House (£16k). Supplies and services have increased by £31,000 due to increases in Printing and Postage costs as well as increases in Electoral IT Licences. The budget for travel costs has reduced by £17,000 as a result of one less contract hire car and reduced travelling. The budget for valuation appeal expenses has reduced by £22,500 as a result of the appeals process being transferred to the Scottish Courts and Tribunals Service from April 2023. In addition, the registration recharge has been increased by £21,000 in line with salary inflation, while the additional electoral registration duties recharge has increased to £33,500

4.2 Reserves and Balances

4.2.1 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 Joint Board.

4.2.2 Taking account of the relatively low risk profile of the Joint Board, it remains 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). As at 31 March 2022, the Joint Board had uncommitted reserves of £72,000. The maximum usable for budget-setting is therefore £12,000.

4.2.3 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 2023/24 financial year. The main factors considered by the Treasurer were: -

- the possibility of new cost pressures or responsibilities emerging;
- the inherent uncertainty in the nature and/or volume of valuation appeals;
- the stability of service provision and certainty of income streams;
- increased costs arising from the implementation of the Barclay Review;
- the inherent uncertainty surrounding matters such as pay awards, interest rates, 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.

By way of exemplification, the following table shows the potential financial impact of any variations against the current key budget assumptions:

Budget Area	Current Assumption	Example Variation	Financial Impact
Pay Awards	3.5%	+0.5%	£15k
Price Inflation	Various	+0.5%	£7k

4.3 Medium and Long Term Financial Planning

4.3.1 Effective financial planning for the medium and longer term is difficult to complete while the constituent Councils only have indicative revenue budgets in later years. However, at Appendix C, a 5-year revenue budget is included to provide an indication of the Board's requirements. Several issues have been identified concerning the potential future budget requirements for the Joint Board. These issues are set out in sections 4.3.2 to 4.3.7 below.

4.3.2 Statutory Basis of Service Provision

The statutory basis for the workload of the Joint Board implies reduced opportunity for budget efficiencies where there are restricted choices regarding how the service levels have to be maintained.

Changes in the statutory level of service will have budget implications which are largely beyond the control of the Joint Board.

4.3.3 **Barclay Review**

The Scottish Government accepted a number of the recommendations of the Barclay Review and has introduced the Non-Domestic Rates (Scotland) Act 2020. The provisions of the Act have potentially significant implications for the Valuation Joint Board's future Revenue Budgets. These include:

- Three Year Revaluation Cycle for Non-Domestic Rates. The revaluation cycle was normally to have a revaluation every 5 years, although the previous revaluation was undertaken after a period of 7 years. The move to a three yearly revaluation cycle has required a significant increase in staffing requirements to cope with the additional workload.
- Increased consistency in service delivery across Joint Boards. This requirement involves digital upgrade costs involving IT infrastructure and process related costs.
- The requirement to supply Provisional Valuations on Request may have a potentially significant increase in the resource required to provide this service.
- Plant and Machinery Valuation - changes to the scope and manner of plant and machinery valuations may involve a significant increase in workload for Valuation Boards.

Discussions by Assessors across the country have identified future resource requirements arising from the Barclay Review and funding support from the Scottish Government has been confirmed until the end of the 2024/25 financial year. The report assumes that funding will continue beyond 2024/25, but no guarantee has been made. As the Valuation Joint Boards are restricted in sources of income, any shortfall in central funding beyond the 2024/25 financial year will require to be made up from constituent Councils..

4.3.4 **Local Government Pay Award**

The Local Government Pay Award will have a knock-on effect on valuation joint board's budgets. Staff Costs make up more than 85% of the Joint Board's total budgeted expenditure.

4.3.5 **Withdrawal from the European Union**

While there is more clarity regarding the outcome, the following areas of concern are being monitored:

Funding

As the economic impacts of Brexit become clearer, there could be a significant impact on the grant settlement from the government, which will affect constituent Councils, the main sources of funding for the Joint Board.

Number of Appeals

In line with a perceived increased threat from an economic downturn, there is expected to be an increase in the number of proposals / appeals. Along with the move to a 3 yearly valuation cycle from 2023, as per the Barclay Review, this is expected to have a significant impact on staff workloads.

Staffing

While the current profile of Joint Board staffing would indicate that this would not be an immediate problem, there may be a potential indirect impact of the governments immigration policy in the post Brexit period. This situation will continue to be monitored by the Joint Board.

Supply Chain

The Joint Board is not heavily dependent on a diverse and extended supply chain for the provision of its services. Overall risk in this area, from European Union withdrawal, is regarded as not significant. The Joint Board will continue to monitor the situation closely.

Rules and Regulations

No specific European regulations are regarded as central to the operating model employed by the Assessor. However, there may be an indirect impact, with the Joint Board requiring to take advice on how to respond to or cope with specific situations.

4.3.6 **Valuation Appeals**

From April 2023, the responsibility for processing valuation appeals will pass from the Valuation Joint Boards to the Scottish Courts and Tribunal Service. Whilst it is anticipated that administration costs in relation to valuation appeal hearings will decrease, there is also a risk that efficiencies of operating a

central appeals service, and reduced ability to retain oversight of case numbers and action required, will result in an increase in legal fees and other costs in relation to the appeals.

4.3.7 **Electoral Registration**

The Elections Act 2022 has been introduced by the UK Government. The provisions of the Act have potentially significant implications for the Valuation Joint Board's future Revenue Budgets. These include:

- Requirement to show photo ID when voting at polling stations. This applies to UK Parliamentary Elections/By-Elections. Electoral Registration Officers will require to process applications for the provision of Voter Authority Certificates from individuals without photo ID wishing to vote in such elections. The additional workload will have an impact on staffing requirements.
- Changes to Absent Vote Signature Refresh Period. The change to a three yearly refresh period in relation to UK Parliamentary Elections, whilst maintaining the five yearly refresh period for Scottish Elections, will result in added complexity, will impact IT systems and have process related costs.
- Changes to Overseas Voting. The removal of the 15-year limit on voting rights for British citizens living overseas will create additional workload and will have an impact on staffing requirements, IT systems and will have process related costs.

4.4 **Requisitions to Constituent Councils**

Requisitions are calculated based on respective proportions of the Valuation Grant Aided Expenditure (GAE) figures. The Scottish Government have not officially issued the 2023/24 GAE figures at the time of writing this report. Therefore, it is proposed that the 2022/23 GAE figures will be used. The apportionment of the Revenue Budget for the financial year 2023/24 is detailed in Appendix B.

5 **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.

6 **CONSULTATIONS**

The Clerk to the Joint Board has been consulted on the content of this report.

7 **BACKGROUND PAPERS**

None.

Roy Christie
ASSESSOR

13 JANUARY 2023

ROBERT EMMOTT
TREASURER

13 JANUARY 2023

TVJB REVENUE BUDGET 2022/2023

APPENDIX A

EXPENDITURE BY BUDGET HEAD	2022 - 2023 REVENUE BUDGET	PROPOSED SAVINGS / INCREASE	PROPOSED 2023-2024 REVENUE BUDGET
STAFF COSTS			
GROSS PAY			
CHIEF OFFICER	262,215	21,779	283,994
PRINCIPAL OFFICER	839,849	(31,301)	808,548
ADMIN	191,583	14,866	206,449
GENERAL DIVISION	450,743	47,988	498,731
TECHNICAL	371,739	36,469	408,208
TRAINEE	68,443	31,238	99,681
	2,184,572	121,039	2,305,611
N INSURANCE			
CHIEF OFFICER	35,355	68	35,423
PRINCIPAL OFFICER	101,745	(10,258)	91,487
ADMIN	20,616	339	20,955
GENERAL DIVISION	36,429	4,768	41,197
TECHNICAL	38,143	1,864	40,007
TRAINEE	7,562	2,427	9,989
	239,850	(792)	239,058
SUPERANNUATION			
CHIEF OFFICER	44,577	3,702	48,279
PRINCIPAL OFFICER	142,774	(5,321)	137,453
ADMIN	32,569	2,528	35,097
GENERAL DIVISION	76,626	8,158	84,784
TECHNICAL	57,206	12,189	69,395
TRAINEE	11,636	5,310	16,946
	365,388	26,566	391,954
TOTAL SALARY COSTS	2,789,810	146,813	2,936,623
SLIPPAGE (6%)	(111,592)	(70,981)	(182,573)
STRAIN ON FUND COSTS	20,000	-	20,000
IMPLEMENTATION OF BARCLAY REVIEW	321,237	(3,592)	317,645
NET SALARY COSTS	3,019,455	72,240	3,091,695
ADDITIONAL E.R. DUTIES	27,000	-	27,000
OVERTIME	5,000	-	5,000
COURSES/CONFERENCES	5,000	2,500	7,500
TRAINING COURSES	10,500	(3,500)	7,000
ADV EMPLOYMENT etc	1,000	-	1,000
NET STAFF COSTS	3,067,955	71,240	3,139,195
PROPERTY			
RATES - WM WALLACE HSE	25,000	(7,500)	17,500
RATES - PERTH	26,000	(40)	25,960
REPAIRS AND MAINTENANCE	3,000	-	3,000
FIXTURES/FITTINGS	500	-	500
CLEANING DSO	6,000	500	6,500
WATER/SEWER	7,000	(2,000)	5,000
ACCOMMODATION - WM WALLACE HSE	68,000	(16,685)	51,315
ACCOMMODATION - PERTH	65,100	16,017	81,117
TOTAL PROPERTY COSTS	200,600	(9,708)	190,892

TVJB REVENUE BUDGET 2022/2023

APPENDIX A (CONTINUED)

EXPENDITURE BY BUDGET HEAD	2022 - 2023 REVENUE BUDGET	PROPOSED SAVINGS / (INCREASE)	PROPOSED 2023-2024 REVENUE BUDGET
SUPPLIES/SERVICES			
EQUIPMENT - OFFICE	-	-	-
FURNITURE - PURCHASE	-	-	-
MAINTENANCE	7,500	3,315	10,815
REMOVAL			3,500
PRINTING	6,000	(1,000)	5,000
PRINTING ERO	13,000	12,500	25,500
TELEPHONE REGISTRATION	4,600	(4,600)	-
STATIONERY	3,500	(1,000)	2,500
PHOTOCOPYING	450	-	450
REF BOOKS	9,000	(2,500)	6,500
AUDIT FEE	7,800	-	7,800
INTERNAL AUDIT SERVICES	7,000	1,000	8,000
LEGAL FEES	12,500	-	12,500
TELEPHONE RENTALS	5,500	(2,000)	3,500
POSTAGES	85,000	5,000	90,000
MISC SUPPLIES ETC	4,000	-	4,000
EXHIBITION OF LISTS	450	-	450
INSURANCE /RISK MGT	25,000	(5,000)	20,000
COMPUTER SERVICE	65,000	-	65,000
ELECTORAL - IT LICENCES Etc.	16,000	28,600	44,600
CENTRAL SUPPORT SERVS	40,900	1,432	42,332
HEALTH AND SAFETY	2,000	-	2,000
TOTAL SUPPLIES/SERVICES	315,200	35,747	354,447
TRANSPORT			
SUBSISTENCE	-	-	-
CONTRACT CAR SUBSIDY	4,000	(3,000)	1,000
CAR ALLOWANCES	25,000	(14,000)	11,000
TOTAL TRANSPORT COSTS	29,000	(17,000)	12,000
VALUATION APPEAL COMMITTEE	37,500	(22,500)	15,000
TOTAL EXPENDITURE	3,650,255	61,279	3,711,534
INCOME			
BARCLAY FUNDING	321,237	(18,237)	303,000
ADDITIONAL E.R. DUTIES	27,000	6,500	33,500
SURVEY FEES	100	-	100
SALE OF VR/CT LIST	200	-	200
SALE ERO	8,000	-	8,000
INTEREST ON BALANCE	2,000	-	2,000
NET INCOME	358,537	(11,737)	346,800
REGISTRATION RECHARGE	472,270	21,159	493,429
INDIVIDUAL ELECTORAL FUNDING	-	46,132	46,132
TOTAL INCOME	830,807	55,554	886,361
NET EXPENDITURE	2,819,448	5,725	2,825,173
USE OF BALANCES	26,007	5,725	31,732
PROVISIONAL NET BUDGET	2,793,441	-	2,793,441

**APPENDIX B
TAYSIDE VALUATION JOINT BOARD**

REVENUE BUDGET 2023/2024

REQUISITION APPORTIONMENTS FOR CONSTITUENT COUNCILS

Council	Grant Aided Expenditure 2022/23			Total GAE and Requisition Apportionment
	Land Valuation	Council Tax Valuation	Total Grant Aided Expenditure	
Angus	302	176	478	25.59%
Dundee City	333	194	527	28.21%
Perth & Kinross	546	317	863	46.20%
	1,181	687	1,868	100.00%

PROPOSED REVENUE BUDGET 2023/24 REQUISITIONS

Council	Valuation Apportionment	Requisition	Registration Recharge	Additional ER Duties Recharge	Total Sum due to Tayside Valuation Joint Board
Angus	25.59%	714,842	215,691	14,400	944,933
Dundee City	28.21%	788,030	0	0	788,030
Perth & Kinross	46.20%	1,290,570	277,738	19,100	1,587,408
	100.00%	2,793,442	493,429	33,500	3,320,371

REVENUE BUDGET 2022-2028

APPENDIX C

	2022-2023 Final Revenue Budget £000	2023-2024 Indicative Revenue Budget £000	2024-2025 Indicative Revenue Budget £000	2025-2026 Indicative Revenue Budget £000	2026-2027 Indicative Revenue Budget £000	2027-2028 Indicative Revenue Budget £000
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Staff Costs

Gross Pay	2,185	2,306	2,352	2,399	2,447	2,496
Superannuation	365	392	400	408	416	424
National Insurance	240	239	244	249	254	259
Target Slippage Salary Cost Saving	(112)	(183)	(186)	(190)	(194)	(198)
Overtime	5	5	5	5	5	5
Barclay Review Costs	321	318	336	343	350	357
Supplementary Superannuation Charges	19	19	19	19	19	19
Additional Electoral Registration Duties	27	27	27	27	27	27
Other Staff Costs	16	15	16	16	16	16

Total Staff Costs	3,066	3,138	3,213	3,276	3,340	3,405
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Property Costs	201	191	189	190	191	192
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Supplies and Services	315	354	359	380	380	380
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Transport Costs	29	12	12	12	12	12
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Third Party Payments	38	15	15	15	15	15
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Gross Expenditure	3,649	3,710	3,788	3,873	3,938	4,004
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Income

Registration Recharge	(472)	(493)	(503)	(513)	(525)	(534)
Council Barclay Funding	(321)	(303)	(332)	0	0	0
Additional Electoral Registration Duties	(27)	(34)	(34)	(34)	(34)	(34)
Individual Electoral Registration	0	(46)	(41)	0	0	0
Interest on Revenue Balances	(2)	(2)	(2)	(2)	(2)	0
Other	(8)	(8)	(8)	(8)	(8)	(8)

Total Income	(830)	(886)	(920)	(557)	(569)	(576)
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Net Expenditure	2,819	2,824	2,868	3,316	3,369	3,428
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Use of Balances	(26)	(31)	0	(5)	(5)	(5)
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Provisional Net Budget - Requisition	2,793	2,793	2,868	3,311	3,364	3,423
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Annual Percentage Increase	1.0%	0.0%	2.7%	15.4%	1.6%	1.8%
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