



## **AGENDA ITEM 5**

### **VALUATION JOINT BOARD FOR CENTRAL SCOTLAND**

**Subject:** Draft Revenue Budget 2015/2016  
**Meeting:** Central Scotland Valuation Joint Board  
**Date:** 23th January, 2015  
**Author:** Joint Report by Treasurer and Assessor

#### **1. Introduction**

- 1.1 This report presents the Draft Revenue Budget for Central Scotland Valuation Joint Board for the financial year 2015/2016.
- 1.2 The report details the budget estimates for consideration and makes recommendations on the allocation of the net costs to Falkirk, Stirling and Clackmannanshire Councils.
- 1.3 The Assessor & Electoral Registration Officer is personally responsible for three statutory functions. These are the compilation and maintenance of the Electoral Register, the compilation and maintenance of the Council Tax Valuation List, and the compilation and maintenance of the Valuation Roll. These functions are important for local democracy and elections, and provide the basis for local domestic and non-domestic taxation.
- 1.4 The introduction of Individual Electoral Registration has resulted in a more prescriptive approach to Electoral Registration with requirements for new applicants to prove their identity and the compulsory issue of more forms and visits, the consequential implementation costs are significant. As the introduction of Individual Electoral registration (IER) is still in the early stages, 2015/16 budget estimates have been made on the information available to date and the professional assumptions of the Electoral Registration Officer. The Assessor and ERO will work with the Valuation Joint Board and the Constituent Authorities to confirm the IER budget requirement in future years, identifying clear efficiencies and savings proposals to ensure that planned expenditure is in line with funding and service delivery remains sustainable.

- 1.5 The report details the projected reserves to the 31<sup>st</sup> March and proposes a refund to the Constituent Authorities in recognition of the high level of general reserves, and the ongoing funding restrictions to Local Authorities.

## 2. Draft Revenue Budget 2015/2016

- 2.1 The summary of the Draft Revenue Budget for the Valuation Joint Board is attached as Appendix A.
- 2.2 The Draft Budget has been prepared on the basis of a carry forward of the current year's budget with adjustments for known variations and the full year effect of Individual Electoral Registration. The proposed budget reflects an increase in expenditure of 8%.
- 2.3 Adjustments have been made to the base figures for 14/15 to produce the final estimates for 15/16. A summary of the major adjustments with brief explanation is included at Table 1.

Table 1:

2015/16 Budget Adjustments Summary			
Item		Adjustment Value £	Explanation
Salaries	↑	5,140	Incremental progression through payscales
Overtime	↓	-5,000	Reduction to overtime due there being only one election in 15/16
Management of Vacancies	↓	-23,150	1.50% of salary budget
Equipment Maintenance	↓	-4,000	New folding machine purchased with warranty included
Printing Outside Contractors	↓	-6,000	These printing costs are now reflected in the increased postage costs as part of a planned mail contract
Computer Software Purchase	↓	-11,500	Reduction in the amount of new software that is needed
Computer Software Maintenance	↓	-7,020	Based on current year spend
Other Local Authorities	↑	4,100	Increase to cover change in Councillor's salary costs.
Miscellaneous	↓	-4,960	Small adjustments across budget areas
<b>TOTAL</b>	↓	<b>-52,390</b>	

- 2.4 Inflation has been applied where there is deemed to be a specific requirement. A summary of the inflation applied is at Table 2 below.

Table 2:

<b>2014/15 Budget Inflation Summary</b>		
<b>Item</b>	<b>%</b>	<b>Adjustment Value £</b>
Pay Award	+1.5%	21,200
Superannuation	+2.44%	11,240
NIC	+1.50%	1,620
Gas	+1.25%	50
Electric	+1.25%	150
Cleaning	+2.50%	370
Service Charge	+2.50%	1,790
Water Charges	+2.50%	200
<b>TOTAL</b>		<b>36,620</b>

- 2.5 The Individual Electoral Registration costs incurred to date form the basis of the projected costs for 2015/16. The areas of budget growth are detailed in Table 3 below.

Table 3:

<b>2015/16 IER Budget Requirement Summary</b>			
<b>Item</b>		<b>Adjustment Value £</b>	<b>Explanation</b>
Canvassers	↑	127,000	Additional Canvassers are required to meet statutory obligations
Staff Travel Exps	↑	8,150	Increased in line with additional canvasser costs.
Stationery	↑	4,000	Required for increase in forms that must be issued under IER
Postage	↑	70,890	Increase for contract to provide printing and delivery of forms
Computer Services	↑	10,790	Additional costs due to new processes and systems
<b>TOTAL</b>	↑	220,830	

### 3. Indicative Funding to 2017/2018

- 3.1 There is anticipated to be a funding gap of over £387,000 by the year 2017/18. This assumes local authorities will look to mirror their own funding from Scottish Government to VJB funding. See Table 4 below for a summary of future year funding assumptions.

Table 4:

<b>Central Valuation Joint Board - Funding Assumptions</b>	<b>2015/16 Draft £</b>	<b>2016/17 Indicative £</b>	<b>2017/18 Indicative £</b>
Funding Assumption - per settlement	(2,547,940)	(2,514,817)	(2,469,550)
Funding From Reserves	(196,410)		
Funding Requirements - per known inflationary pressures	2,744,350	2,814,036	2,856,828
Annual Funding Shortfall / (Surplus)	0	299,219	88,059
Cumulative Shortfall / (Surplus)	0	299,219	387,278

It is proposed that the shortfall in 2015/16 is funded from reserves due to the uncertainty surrounding the funding of Individual Electoral Registration detailed below.

For future years the Valuation Joint board and the Constituent Authorities will work together to review how efficiencies can be achieved and how reserves can be used to fund any changes in working processes to balance the budget in future years.

## 4. Individual Electoral Registration

- 4.1 Implementation of Individual Electoral Registration (IER) system began in September 2014 and is a significant change in the electoral registration process. There is now a statutory requirement to follow up every household form issued with two reminders and a personal visit. Electors can no longer be added to the register from the household form, where returned. The Electoral Registration Officer must issue an Invitation to Register to Vote to every new person identified as a potential eligible elector from returned forms, university lists and other council databases etc. Where no response is made to the initial invitations a reminder and personal visit is also a statutory requirement. These requirements have significant budgetary implications. As the system is so new it is only possible to estimate the likely number of forms and visits that will be necessary.
- 4.2 At the time of budget setting it is unknown how much funding will be provided by The Cabinet Office. In the current financial year The Cabinet Office provided funding of £238,000, which is expected to be fully utilised. In the 2014/15 budget £200,000 was earmarked as additional requirement for IER however due to The Cabinet Office funding this hasn't been required in the year. Based on the forecast budget increase for IER of £220,830, it is proposed to fund the budget shortfall in the year from earmarked reserves, if sufficient funding is provided by The Cabinet Office the amount will fall to general reserves.

Once the Electoral Registration Officer has been through a full cycle of IER, it is anticipated that the budget requirement will be reviewed, and a more accurate forecast of likely future expenditure can be determined.

## 5. Reserves

- 5.1 As at 31 March 2014 CSVJB had reserves of approximately £763,000, £225,000 of these reserves were earmarked, giving a usable reserve of £538,000. The usable reserve is expected to increase by £293,000 due to the anticipated 2014/2015 underspend (£68,000) and the release of earmarked reserves (£225,000) which wasn't required in the year. It is proposed to fund the budget shortfall of £196,000 (2015/16) from reserves due to the uncertainty surrounding the IER funding, and provide the constituent authorities a refund from reserves in the year of £277,000 due to the high level of reserves in excess of the minimum requirement. The balance of reserves at 31<sup>st</sup> March 2015 is expected to be around £832,000. This will reduce to £359,000 when the refund and earmarked reserves are reflected. The minimum level of reserves required is £82,330 which equates to 3% of expenditure.

## 6. Requisitions

- 6.1 The cost for financial year 2015/16 that requires to be allocated amongst the constituent authorities is £2,547,940.
- 6.2 On the basis of the draft budget less the refund of reserves the requisition is detailed in Table 5 below:-

Table 5:

	<b>Requisition</b> £	<b>Reserves Refund</b> £	<b>Net Requisition</b> £
<b>Falkirk</b>	1,255,624	(136,450)	1,119,174
<b>Stirling</b>	898,404	(97,630)	800,774
<b>Clackmannanshire</b>	393,912	(42,810)	351,102

## 7. Recommendations

The recommendations arising from this report are that the Valuation Joint Board:-

- (i) Formally approves the Valuation Joint Board's Revenue Budget for 2015/2016 of £2,744,350, as detailed in Appendix A.
- (ii) Agrees the refund of 50% of general reserves in excess of the minimum level required.

- (iii) Agrees to requisition the constituent authorities for their share of the net expenditure as outlined in Table 5. above.

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**Assessor/Electoral Registration Officer**

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**Treasurer**

**Date: 23rd January, 2015**

**LIST OF BACKGROUND PAPERS**

1. Budget working papers (these are available from the Treasurer Tel 01259 452072)

## Budget for Central Scotland Valuation Joint Board 2015/16

	GL Code	2014/15 Budget	Variation	Inflation	IER Increase	2015/16 Final Opening Budget
		£	£	£	£	£
<b>Employee Related Expenditure</b>						
APT & C General - Salaries	1060	1,419,020	(5,920)	21,200		1,434,300
APT & C General - Employers Supn	1061	266,980	15,660	11,240		293,880
APT & C General - Employers NIC	1062	112,320	(4,600)	1,620		109,340
APT & C General - Overtime	1063	10,000	(5,000)	0		5,000
Management of Vacancies	1064	(4,410)	(23,150)	0		(27,560)
Canvassers	1570	10,000	3,000	0	127,000	140,000
Long Service Award	1740	750	0	0		750
Superannuation Annual Charges	1830	26,200	(580)	0		25,620
Advertising Expenses - Recruitment	1870	500	0	0		500
Staff Training	1910	17,000	(2,000)	0		15,000
Conference Expenses - Officials	1950	2,000	0	0		2,000
Other Staff Costs	1980	2,000	(500)	0		1,500
<b>Employee Related Expenditure</b>		<b>1,862,360</b>	<b>(23,090)</b>	<b>34,060</b>	<b>127,000</b>	<b>2,000,330</b>
<b>Premises Related</b>						
Repairs and Maintenance	2105	13,640	0	0		13,640
Energy Costs- Gas	2210	4,160	0	50		4,210
Energy Costs - Electricity	2240	11,750	0	150		11,900
Rents	2310	85,000	0	0		85,000
Service Charge	2350	12,970	30	0		13,000
Rates	2400	68,350	0	0		68,350
Water Meter Charges	2530	7,860		200		8,060
Cleaning & Hygiene Materials	2710	1,500	0	0		1,500
Cleaning Services DSO	2720	14,890	0	370		15,260
Window Cleaning	2730	360	0	0		360
Property Insurance	2910	2,760	(200)	0		2,560
<b>Premises Related</b>		<b>223,240</b>	<b>(170)</b>	<b>770</b>	<b>0</b>	<b>223,840</b>
<b>Transport Related Expenditure</b>						
Staff Travelling Expenses	3310	23,850		0	8,150	32,000
<b>Transport Related Expenditure</b>		<b>23,850</b>	<b>0</b>	<b>0</b>	<b>8,150</b>	<b>32,000</b>
<b>Supplies and Services</b>						
Purchase of Equipment	4001	0	0	0		0
Furniture - Purchase	4002	500	0	0		500
Equipment Maintenance	4030	12,000	(4,000)	0		8,000
Equipment Insurance	4080	500	0	0		500
Bottled Water	4126	1,400	0	0		1,400
Hospitality	4190	1,500	(500)	0		1,000
Clothing and Uniforms	4210	300	0	0		300
Office Equipment - Rental	5020	2,000	0	0		2,000
Printing - Outside Contractors	5040	11,000	(6,000)	0		5,000
Photocopying	5042	3,500	0	0		3,500
Stationery	5043	11,000		0	4,000	15,000
Publications	5050	5,000	0	0		5,000
Advertising - Publicity	5070	5,000	0	0		5,000
Insurance	5080	13,600	0	0		13,600
Postages	5210	99,110		0	70,890	170,000
Legal Expenses	5730	12,000	5,000	0		17,000
Miscellaneous Expenses	5901	650	350	0		1,000
<b>Supplies and Services Sub Total</b>		<b>179,060</b>	<b>(5,150)</b>	<b>0</b>	<b>74,890</b>	<b>248,800</b>

	GL Code	2014/15 Budget	Variation	Inflation	IER Increase	2015/16 Final Opening Budget
<b>Supplies &amp; Services (Centralised IT)</b>						
Telecommunications	5230	9,000	0	0		9,000
Computer Hardware Purchase	5511	22,000	(1,000)	0		21,000
Disaster Recovery	5520	23,140	(6,140)	0		17,000
Computer Hardware Maintenance & Support	5521	4,420	(2,420)	0		2,000
Computer Software Purchase	5531	21,500	(11,500)	0		10,000
Computer Software Maintenance & Support	5541	42,020	(7,020)	0		35,000
Computer Peripherals	5551	1,000	0	0		1,000
Computer Services	5571	49,210		0	10,790	60,000
<b>Supplies &amp; Services (Centralised IT)</b>		<b>172,290</b>	<b>(28,080)</b>	<b>0</b>	<b>10,790</b>	<b>155,000</b>
<b>Total Supplies &amp; Services</b>		<b>351,350</b>	<b>(33,230)</b>	<b>0</b>	<b>85,680</b>	<b>403,800</b>
<b>Third Party Payments</b>						
Payments to Other Local Authorities	6410	2,000	4,100	0		6,100
Payments to Contractors	6705	1,000	0	0		1,000
Audit Scotland	6840	8,250	0	0		8,250
<b>Third Party Payments</b>		<b>11,250</b>	<b>4,100</b>	<b>0</b>	<b>0</b>	<b>15,350</b>
<b>Transfer Payments</b>						
<b>Transfer Payments</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Support Services</b>						
Legal Services	7030	14,340	0	360		14,700
Human Resources	7040	21,500	0	540		22,040
Finance Service	7050	29,480	0	740		30,220
Corporate and Democratic Core	7070	5,920	0	150		6,070
<b>Support Services</b>		<b>71,240</b>	<b>0</b>	<b>1,790</b>	<b>0</b>	<b>73,030</b>
<b>Capital Financing Costs</b>						
<b>Capital Financing Costs</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL GROSS EXPENDITURE</b>		<b>2,543,290</b>	<b>(52,390)</b>	<b>36,620</b>	<b>220,830</b>	<b>2,748,350</b>
<b>Income</b>						
Sales	9402	(1,000)	0	0		(1,000)
Other Income	9445	(3,000)	0	0		(3,000)
<b>Income</b>		<b>(4,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,000)</b>
<b>NET EXPENDITURE</b>		<b>2,539,290</b>	<b>(52,390)</b>	<b>36,620</b>	<b>220,830</b>	<b>2,744,350</b>
					205,060	
					8.08 %	