

VJB43. Proposed Revenue Budget 2022/23

The Board considered a joint report by the Treasurer and Assessor presenting the Proposed Revenue Budget for the financial year 2022/23 together with the required requisition from Falkirk, Stirling and Clackmannanshire Councils.

The report set out the background to the budget setting process highlighting risks for the Board to consider in setting its budget:-

- uncertainty over the level of future funding streams from the constituent authorities;
- uncertainty over the exact impact of the significant changes to the Non Domestic Rating system outlined above;
- uncertainty around the planned introduction of Voter ID in December 2022;
- uncertainty of the resources required to implement the new Civil Penalties for the non-return of Assessor Information Notices;
- uncertainty around the disposal of some 5,900 Covid MCC appeals that are due to be dealt with by 31 December 2022. The Scottish Government has laid a Bill seeking to rule out these appeals but the legislation is at the early stages of the parliamentary process;
- the ever increasing risk of a cyber-attack continues to take resources to prevent an attack and safeguard the Board's data. This is likely to be an area of increased spend in the future;
- the ability of the Board to retain and recruit qualified staff. The move to three yearly revaluations requires additional staff resources, and we continue to struggle to recruit qualified staff at Valuer level. Even at a more senior level the retention of key employees is proving difficult which impacts on delivering the necessary changes to the Service; and
- the ability of the Board to make year on year reductions in its net expenditure, or even maintain expenditure at current levels, at the same time as the Service is dealing with the increased workload. As a result of the changes listed above this is extremely limited particularly when 77% of the Valuation Board's net expenditure is on the cost of employment.

The summary of the proposed Revenue Budget was attached to the report as Appendix A. For the 2022/23 Proposed Budget, the total net expenditure amounted to £3,097,680. The proposed Budget reflected an increase in expenditure of 4.4%, £131,340 which was primarily due to salary inflation, and increases for the anticipated budget pressure to implement the Barclay Review.

The main changes within the proposed budget were seen within:-

- Employee Related Expenditure;
- Transport Related Expenditure; and
- Supplies & Services Expenditure

It was anticipated that by 2026/27, there would be a cumulative funding gap of £1,919,950. This funding gap assumed:

- requisitions from constituent authorities will include funding for Barclay review of £304,690 in 2022/23 this is net of the £74,310 funded from earmarked reserves. On the basis of no underspend in Barclay funds for 2022/23: £391,930 in 2023/24 and £404,020 in 2024/25, with Barclay funding anticipated to cease at the end of 2025;
- pay inflation at 2% per annum over this period; employers pension contributions will continue to increase at 0.5% per annum;
- general demand pressures for new/changes in activity in future years assumed to be offset by savings;
- average contract inflation of 1.5%; and
- there will be no funding from Cabinet Office for IER.

The proposed Budget reflected total reserves of £459,079 comprising £347,870 earmarked reserves and £111,209 uncommitted reserves.

There was an indicative funding gap based on the assumption that Barclay funding would cease at the end of 2025. If ceased, constituent authorities agree to fund Barclay from their own funding allocation. This would reduce the in year gap for 2025/26 by £412,620 and £421,420 for 2026/27.

On the basis of the proposed Budget, the cost for financial year 2022/23 that requires to be allocated amongst the constituent authorities is £2,889,900 which is a 2% uplift from 2021/22. This includes £304,690 ring fenced funding for Barclay.

Following on from a question regarding the additional workplace parking charge, the Assessor and Electoral Registration Officer clarified it would require additional resources, however, at present it was not confirmed thus not included in the budget.

At the time of reporting, the pay settlement for 2022/23 was not yet agreed upon with negotiations still continuing with COSLA. The Treasurer highlighted the Scottish Government's Public Sector pay proposal which was an increased flat amount of £775 for those earning up to £25,000, £750 for those earning £25,001 to £40,000 and £500 for those earning over £40,000. Ms Sim stated that there was also Union Proposals being brought forward to assist negotiations. In terms of what % these flat

amounts equated to, it ranged from about 3.1% for the lower end of the pay grade to 1.25% for the higher paid individuals.

Decision

The Board:-

- (1) approved the Revenue Budget for 2022/23, as detailed in Appendix A to the report;**
- (2) agreed to maintain the minimum reserves policy at a level between 3% and 6% of net revenue expenditure;**
- (3) agreed to earmark funds from general reserves as set out in section 6.2 of the report; and**
- (4) agreed to requisition the constituent authorities for their share of the net expenditure as outlined in Table 5 of the report.**