

VJB42. Proposed Revenue Budget 2023/2024

The Board considered a report by the Treasurer and Assessor and Electoral Registration Officer presenting the proposed Revenue Budget for 2023/24, detailing the budget estimates for consideration and made recommendations on 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 demand for Voter Authority Certificates ahead of a UK General Election;
- uncertainty of the resources required to implement the remaining measures of the Elections Act and in particular the increase in work as a result of differing approaches to absent vote applications between UK and Scottish Elections;
- uncertainty around the disposal of the significant number of Covid MCC appeals that were due to be dealt with by 31 December 2023. The legislation passed by the Scottish Parliament had not resulted to date in significant numbers of appeals being withdrawn;
- the ever increasing risk of a cyber-attack requires enhanced security measures to prevent an attack and safeguard the Board's data. This was 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 required additional staff resources, and we continued to struggle to recruit qualified staff at Valuer level. Even at a more senior levels the retention of key employees was proving difficult which impacted 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 was dealing with the increased workload. As a result of the changes listed above this was extremely limited particularly when 79% of the Valuation Board's net expenditure was on the cost of employment.

The summary of the proposed Revenue Budget was attached to the report as Appendix A. For the 2023/24 Proposed Budget, the total net expenditure amounted to £3,014,560. The proposed Budget reflected a decrease in expenditure of 2.7%, (83,100) £131,340 which was primarily due to salary savings and the relocating of premises.

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

- Salary inflation increases, salary savings and vacancy management;
- Rent and rates decreases;

- Gas and electricity costs.

The pay award shortfall in 2022/23 had been £95k, For 203/24 an award of 2% had been estimated. One of the main pressures within the Budget was in relation to employee costs which made up approximately 79% of the Board's budget. Inflationary cost pressures for superannuation and pay awards were firstly funded from savings realised mainly through the staffing restructure. However in 2023/24 this would not be possible due to the additional pay award for 2022/23 being higher than the proposed 2%, and an estimated further increase of 2% for 2023/24. Therefore there would be a requirement for constituent authorities to increase their contributions for 2023/24

It was anticipated that by 2026/27, there would be a cumulative funding gap of £214k. This funding gap assumed:

- requisitions from constituent authorities would include a 2% increase each year and continue to passport Barclay review funding of £306k;
- pay inflation at 2% per annum over this period;
- employers pension contributions would 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 would be no funding from Cabinet Office for IER.

The funding gap for 203/24 was estimated to be £67k – it was proposed that this would be funded from uncommitted reserves.

The proposed Budget estimated total reserves of £635k at 31 March 2023 comprising £510k earmarked reserves and £125k uncommitted reserves. Projected uncommitted reserves were projected to be £125k at 31 March 2024, equating to 4.1% of net expenditure which was within the recommended range of 3-6% of net expenditure.

On the basis of the proposed Budget, the cost for financial year 2023/24 that required to be allocated amongst the constituent authorities was £2.948m, a 2% uplift from 2022/23. This included £306k ring fenced funding for Barclay.

Following a question the Treasurer advised that there was no indication of what the 2023/24 pay settlement was likely to be. The budget estimated 2% which she acknowledged to be conservative. This would be monitored during the year.

In response to a question the treasurer confirmed that both Falkirk and Stirling Councils had agreed their budgets, each of which contained the respective requisitions to the Board. Clackmannanshire Council would meet to set its budget within the week.

Decision

The Board:-

- (1) approved the Revenue Budget for 2023/24, as detailed in Appendix A to the report;**
- (2) agreed the Treasurer's recommendation 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 4 in the report.**