

## **Item: 6**

### **Orkney and Shetland Valuation Joint Board: 7 March 2024.**

#### **Draft Budget 2024-25.**

#### **Report by Treasurer to the Board.**

### **1. Purpose of Report**

To consider the draft budget for the Orkney and Shetland Valuation Joint Board for financial year 2024/25.

### **2. Recommendations**

The Board is invited to note:

#### **2.1.**

The requirement to set a balanced budget and to determine the level of requisition to be sought from the Board's constituent authorities.

#### **2.2.**

That the Scottish Government Settlement for 2024/25 allocated 'new money' towards the Barclay Review Implementation of £2,000 for each constituent local authority. Increasing total funding to £72,000 for each, or a total of £144,000.

#### **2.3.**

That the draft budget for financial year 2024/25, attached as Appendix 1 to this report, is based on a standstill position, subject to pay and inflationary costs pressures and broadly follows the strategies adopted by the constituent authorities.

#### **2.4.**

That, should the draft budget be approved, this would result in a requisition to each constituent authority as follows:

- Orkney Islands Council – £511,300, representing a decrease of £8,650 or 1.7% on the previous year's requisition.
- Shetland Islands Council – £501,200, representing a decrease of £11,050 or 2.6% on the previous year's requisition.

**It is recommended:**

## **2.5.**

That the draft budget for 2024/25, attached as Appendix 1 to this report, be approved.

## **3. Background**

### **3.1.**

The Orkney and Shetland Valuation Joint Board is required to set a balanced budget and to determine the level of requisition to be sought from its constituent authorities.

### **3.2.**

The proposed budget supports delivery of Corporate and Service plans for the range of functions and services for which the Board has responsibility. This link also provides assurance to the constituent authorities that the activities of the Board meet their expectations and achieve best value.

### **3.3.**

If a realistic, affordable budget is not set, there is a risk that the Board will be unable to fulfil its statutory duties should insufficient funding be requisitioned from constituent authorities.

## **4. Draft Budget for financial year 2024/25**

### **4.1.**

The draft budget is based on a standstill position, subject to pay and inflationary costs pressures and broadly follows the strategies adopted by the constituent authorities.

### **4.2.**

The budget proposals, can be summarised in the table below:

<b>2023/24 Budget</b>	£1,032,200
Growth and/or Income Reduction	-£10,300
Savings and/or New Income Generation	-£9,400
<b>2024/25 Draft Budget</b>	£1,012,500

### **4.3.**

The following provides an explanation of growth:

- Staff Costs include a 6.5% increase to reflect the 2023/24 pay settlement award and an allowance of 2% for 2024/25.
- Staff Costs also include a saving in pension contributions, with the rate falling from 36% in 2023/24 to 27.7% in 2024/25.
- Property Costs have been increased by £5,000 to represent the new commitment to business rates as a result of NDR revaluations and lowering of rates relief thresholds. Other property costs are inflated by a factor of 15%, which again for 2024/25 is to cover the additional energy costs.
- Apportioned Costs include an inflation factor of 7% to match the allowance for the pay award.
- All other costs are inflated by a factor of 3% in an attempt to cover increased cost pressures across all budget areas.

#### **4.4.**

The following provides an explanation of savings and income generation:

- Fees and Charges have increased as a result of the additional work required to be carried out as part of the valuation, and audit process, for the preparation of Orkney Islands Council Financial statements.

#### **4.5.**

A revenue budget of £144,000 is proposed in respect of Barclay Review Implementation costs for financial year 2024/25. This cost is covered by the increased funding of £2,000 received by each constituent local authority from the Scottish Government for this financial year, for the implementation of the review. Total funding for the Barclay Review is now £72,000 for each local authority, or £144,000.

#### **4.6.**

Attached as Appendix 1 to this report is the draft budget for financial year 2024/25, estimated at £1,012,500, representing an decrease of £19,700 or 1.9% over the 2023/24 budget. If approved, this would result in a requisition to each constituent authority as follows:

- Orkney Islands Council – £511,300, representing a decrease of £8,650 or 1.7% on the previous year's requisition.
- Shetland Islands Council – £501,200, representing a decrease of £11,050 or 2.6% on the previous year's requisition.

## **5. Financial Implications**

The financial implications are detailed throughout the report.

## **6. Governance Aspects**

The content and implications of this report have been reviewed and, at this stage, it is deemed that the Board **DOES NOT** require external legal advice in consideration of the recommendations of this report.

## **7. Contact Officer**

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## **8. Appendix**

Appendix 1: Draft Revenue Budget for financial year 2024/25.

## Appendix 1

Income & Expenditure Summary	2023/24 Restated Budget	2024/25 Core Budget	2024/25 Barclay Review	2024/25 Proposed Total Budget	Budget v Proposed (Adv)/Pos
	£	£	£	£	£
<b>EXPENDITURE:</b>					
Staff Costs	852,600	715,100	110,000	825,100	27,500
Property	48,400	60,700	-	60,700	(12,300)
Supplies and Services	79,400	54,400	27,400	81,800	(2,400)
Transport	23,000	19,700	4,000	23,700	(700)
Administration	42,600	41,200	2,600	43,800	(1,200)
Apportioned Costs	30,200	30,800	-	30,800	(600)
<b>TOTAL EXPENDITURE</b>	<b>1,076,200</b>	<b>921,900</b>	<b>144,000</b>	<b>1,065,900</b>	<b>10,300</b>
<b>INCOME:</b>					
Fees and Charges	(44,000)	(53,400)	-	(53,400)	9,400
<b>TOTAL INCOME</b>	<b>(44,000)</b>	<b>(53,400)</b>	<b>-</b>	<b>(53,400)</b>	<b>9,400</b>
<b>NET EXPENDITURE</b>	<b>1,032,200</b>	<b>868,500</b>	<b>144,000</b>	<b>1,012,500</b>	<b>19,700</b>
<b>CHARGE TO CONSTITUENT AUTHORITIES:</b>					
Orkney Islands Council	(519,950)	(439,300)	(72,000)	(511,300)	(8,650)
Shetland Islands Council	(512,250)	(429,200)	(72,000)	(501,200)	(11,050)
<b>TOTAL CHARGE TO CONSTITUENT AUTHORITIES:</b>	<b>(1,032,200)</b>	<b>(868,500)</b>	<b>(144,000)</b>	<b>(1,012,500)</b>	<b>(19,700)</b>