

## **Item: 5**

**Orkney and Shetland Valuation Joint Board: 26 September 2024.**

**Revenue Expenditure Outturn.**

**Report by Treasurer of the Board.**

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

To advise on the revenue budget outturn position for financial year 2023/24 in respect of the Orkney and Shetland Valuation Joint Board.

### **2. Recommendations**

The Board is invited to note:

#### **2.1.**

The revenue financial summary statement in respect of the Orkney and Shetland Valuation Joint Board, for financial year 2023/24, attached as Annex 1 to this report, reporting a balanced budget position.

The Board is invited to scrutinise:

#### **2.2.**

The explanations given and actions proposed in respect of significant budget variances as outlined in the Budget Action Plan, attached as Annex 2 to this report, together with further detail provided in section 4.3 of this report, in order to obtain assurance that action was taken with regard to significant budget variances.

### **3. Background**

#### **3.1.**

On 2 March 2023, the Board set its balanced budget for financial year 2023/24, which forms the basis of this revenue expenditure monitoring report.

#### **3.2.**

In terms of revenue spending, at an individual cost centre level, budget holders are required to provide an explanation of the causes of each material variance and to identify appropriate actions to remedy the situation.

#### **3.3.**

Material variances are identified automatically as Priority Actions within individual budget cost centres according to the following criteria:

- Variance of £10,000 and more than 110% or less than 90% of anticipated position (1B).
- Not more than 110% or less than 90% of anticipated position but variance greater than £50,000 (1C).

### **3.4.**

The figures quoted within the Budget Action Plan by way of the underspend and overspend position will always relate to the position within the current month.

## **4. Financial Summary**

### **4.1.**

The financial summary for financial year 2023/24 is attached as Annex 1 to this report.

### **4.2.**

The Budget Action Plan, attached as Annex 2 to this report, provides an explanation and proposed corrective action for each of the Priority Actions identified.

### **4.3.**

In detail, expenditure on services for the financial year as a whole amounted to £1,003,262 which, against an approved budget of £1,032,200, represents an underspend of £28,938 as at 31 March 2024. This can be attributed in the main as follows:

- Underspend of £55,769 against staff costs due in part to the current vacancy of the Depute Assessor.
- An overspend of £36,792 against operating costs can mainly be attributed to increased consultancy fees to cover the above vacancy.
- Fees and charges income £8,907 above budget.
- Unbudgeted interest income on balances totalling £1,054 was received during the year.

### **4.4.**

The net underspend of £28,938 on the Board's activities relative to the approved revenue budget for financial year 2023/24 represents a decrease in the requisition to each of the constituent authorities as follows:

- Orkney Islands Council – a decrease of £11,394 to £508,606.
- Shetland Islands Council – a decrease of £17,545 to £494,655.

## **5. Financial Implications**

There is a requirement for the Board to set a balanced budget each financial year to determine the level of requisition for the Board's constituent authorities and to monitor the revenue spend against this budget during the year.

## **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**

Erik Knight, Treasurer to the Board, extension 2127, Email [erik.knight@orkney.gov.uk](mailto:erik.knight@orkney.gov.uk).

## **8. Annexes**

Annex 1: Financial Summary as at 31 March 2024.

Annex 2: Budget Action Plan.

**Annex 1: Financial Detail by Service Area****March 2024**

The following tables show the spending position by service function

<b>Orkney &amp; Shetland Valuation Joint Board</b>	<b>PA</b>	<b>Spend £000</b>	<b>Budget £000</b>	<b>Over/(Under) £000</b>	<b>Spend %</b>	<b>Annual Budget £000</b>
Joint Costs	<b>1B</b>	683.1	776.3	(93.2)	88.0	776.3
Barclay Review		146.8	144.0	2.8	102.0	144.0
Shetland Costs		43.2	51.6	(8.4)	83.7	51.6
Orkney Costs		57.1	59.3	(2.2)	96.2	59.3
Requisition SIC		(494.7)	(512.2)	17.5	96.6	(512.2)
Requisition OIC		(508.6)	(520.0)	11.4	97.8	(520.0)
Movement in Reserves	<b>1B</b>	73.0	1.0	72.0	7,300.0	1.0
<b>Service Total</b>		<b>(0.1)</b>	<b>0.0</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.0</b>

Annex 2: Budget Action Plan

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
<b>R69A</b>	<b>Joint Costs</b>  Less than anticipated expenditure by £93.2K	Erik Knight	During 2023/24 several posts were vacant whilst recruitment activities were undertaken.	Depute Assessor post continues to be filled temporarily whilst other posts were successfully filled. Continue to pursue full staffing complement.
<b>R69U</b>	<b>Movement in Reserves</b>  More than anticipated expenditure by £72.0K	Erik Knight	This movement is in relation IAS19 pension adjustments. This is an accounting entry only.	Continue to monitor.