

Item: 8

Orkney and Shetland Valuation Joint Board: 18 February 2021.

Draft Budget.

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 2021/22.

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 draft budget for financial year 2021/22, 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.

2.3.

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

- Orkney Islands Council – £464,700, representing an increase of £57,773 or 14.2% on the previous year's requisition.
- Shetland Islands Council – £457,900, representing an increase of £56,240 or 14.0% on the previous year's requisition.

It is recommended:

2.4.

That the draft Budget, 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 2021/22

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:

2020/21 Revised Budget	£808,587
Growth and/or Income Reduction	£95,313
Savings and/or New Income Generation	£0
Increase in Barclay Review Funding	£18,700
2021/22 Draft Budget	£922,600

4.3.

The following provides an explanation of growth items:

- Allowance for pay and grading review, as detailed at section 4.4 below – £63,500 (including £7,500 Barclay Review).
- Additional budget required to reflect carry forward of funding for Scottish Parliamentary elections in 2021, as detailed at section 4.5 below – £10,000.

- Inflationary increases due to staff costs of 2% – £15,300 (including £1,300 Barclay Review).
- Pay increments applicable to career graded posts – £11,300 (including £9,900 Barclay Review).
- Provision for advertising post of Depute Assessor – £5,000.
- Increase in support service charges by Shetland/Orkney Islands Council – £10,000.
- Renewal of office lease in Orkney – £1,000.

4.3.1.

In addition to this, additional funding of £18,700 is due to be confirmed in respect of the Barclay Review implementation cost for 2020/21, as detailed at section 4.5 below.

4.4.

At the time of developing the draft budget for financial year 2021/22, a review of the pay and grading model was ongoing. In recognition of this, and on the assumption that any changes would be implemented with effect from 1 April 2021, an allowance of £56,075, or 10% plus associated oncosts of 3.98%, has been included in the staffing budget.

4.5.

Additional funding announced by Scottish Government in December 2020 to deal with an expected increase in postal vote applications in the run up to the Scottish Parliament election in 2021 is not expected to be fully utilised in financial year 2020/21. On this basis, and exercising flexibility permitted in the original grant award, the sum of £10,000 is being carried forward to reflect the need to complete the preparations for the Scottish Parliamentary elections.

4.6.

On 1 February 2021, the Scottish Government announced an indicative total allocation of £5.3 million for Barclay Review Implementation costs (Local Government Finance Circular No. 1/2021). The total distributable revenue allocation to Valuation Joint Boards has still to be confirmed; however, based on an estimate prepared by the Assessor, a revenue allocation of £120,900 for financial year 2021/22, representing an increase of £18,700, or 18.3%, on 2020/21, is proposed. These costs include ongoing costs of two trainee graduate valuers; support and development of the Corona valuation system; and a contribution to the Scottish Assessor Association's portal development.

4.6.

Attached as Appendix 1 to this report is the draft budget for financial year 2021/22, estimated at £922,600, representing an increase of £114,013 or 14.1% over the revised 2020/21 budget. If approved, this would result in a requisition to each constituent authority as follows:

- Orkney Islands Council – £464,700, representing an increase of £57,773 or 14.2% on the previous year's requisition.
- Shetland Islands Council – £457,900, representing an increase of £56,240 or 14.0% on the previous year's requisition.

5. Financial Implications

The financial implications are detailed throughout the report.

6. Legal Aspects

There are no legal implications arising directly from the recommendations to this report.

7. Contact Officer

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8. Appendix

Appendix 1: Draft Revenue Budget for financial year 2021/22.

Appendix 1

Income & Expenditure Summary	2020/21 Revised Budget	2021/22 Core Budget	2021/22 Barclay Review	2021/22 Proposed Total Budget	Revised Budget v Proposed (Adv)/Pos
	£	£	£	£	£
EXPENDITURE:					
Basic Pay	434,182	464,700	60,800	525,500	(91,318)
Overtime	500	500	-	500	-
National Insurance	49,469	43,700	7,900	51,600	(2,131)
Pension Costs	123,905	112,900	14,800	127,700	(3,795)
Allowances	41,655	40,500	6,600	47,100	(5,445)
Liability Insurance	3,270	3,300	-	3,300	(30)
Employee Costs	652,981	665,600	90,100	755,700	(102,719)
Administration	108,436	80,200	26,900	107,100	1,336
Agency Payments	8,315	9,600	-	9,600	(1,285)
Property and Fixed Plant	6,825	6,800	-	6,800	25
Supplies and Services	27,600	31,100	-	31,100	(3,500)
Transport and Mobile Plant	29,630	23,600	3,900	27,500	2,130
Recharges for Shetland/Orkney Islands Council	18,000	28,000	-	28,000	(10,000)
Operating Costs	198,806	179,300	30,800	210,100	(11,294)
TOTAL EXPENDITURE	851,787	844,900	120,900	965,800	(114,013)
INCOME:					
Sales/Agency Income	(43,200)	(43,200)	-	(43,200)	-
TOTAL INCOME	(43,200)	(43,200)	-	(43,200)	-
NET EXPENDITURE	808,587	801,700	120,900	922,600	(114,013)
CHARGE TO CONSTITUENT AUTHORITIES:					
Orkney Islands Council	(406,927)	(404,250)	(60,450)	(464,700)	57,773
Shetland Islands Council	(401,660)	(397,450)	(60,450)	(457,900)	56,240
TOTAL CHARGE TO CONSTITUENT AUTHORITIES:	(808,587)	(801,700)	(120,900)	(922,600)	114,013