

Item: 9

Orkney and Shetland Valuation Joint Board: 30 September 2021.

Budget Outturn.

Report by Treasurer of the Board.

1. Purpose of Report

To advise on the revenue budget outturn positions for financial year 2020/21.

2. Recommendations

The Board is invited to note:

2.1.

The revenue budget monitoring statement as at 31 March 2021, attached as Appendix 1 to this report, reporting a budget surplus position of £98,624.

The Board is invited to scrutinise:

2.2.

The explanations given in section 4 of this report in respect of the significant budget variances, in order to obtain assurance that action was taken with regard to these variances where appropriate.

3. Background

3.1.

On 12 March 2020, the Board approved a net revenue budget of £808,587 for financial year 2020/21.

3.2.

The Board is wholly funded by its constituent authorities: Orkney Islands Council and Shetland Islands Council.

3.3.

It is vital to the economic wellbeing of the constituent authorities that the Board manages its financial resources effectively and that expenditure and income are delivered in line with the budget, as any overspends will result in a further draw on the resources of the constituent authorities.

3.4.

On 6 February 2020, Scottish Government announced an indicative total funding allocation of £5.3 million to be made available to local authorities in respect of the Barclay Review implementation costs. In recognition of this, an allowance of £102,200 was included in the approved budget for financial year 2020/21 to cover these additional costs.

3.5.

On 16 December 2020, Scottish Government agreed to provide electoral returning officers with £3 million of additional funding in recognition of the need to deal with an expected increase in postal vote applications in the run up to the Scottish Parliament Election in 2021. The award for Orkney and Shetland totalled £25,536 and was based around the submission of a plan by each Electoral Registration Officer to increase capacity to process applications for postal votes within their respective areas.

4. Budget Outturn Position

4.1.

This report sets out the Board's financial position at the end of financial year 2020/21. This indicates that expenditure on services for the financial year as a whole is £709,963 which, against an approved budget of £808,587, represents an outturn underspend position of £98,624 as at 31 March 2021.

4.2.

The main elements contributing to this projected underspend position can be summarised as follows:

- Staff costs:
 - Underspend of £116,123 can be attributed in the main to the post of Depute Assessor which remained vacant for the full year. Recruitment to this post was placed on hold pending the outcome of a pay and grading review exercise. This has been offset in part by £7,500 of additional staff costs in respect of the Scottish Parliamentary Election in 2021 which is fully funded by Scottish Government grant funding.
- Administration cost:
 - Overspend of £36,247 can mainly be attributed to the need to develop the IDOX Eros system to accommodate the amended foreign national and prisoner voting franchises during the year at an additional cost of £30,752. This requirement has however been fully funded by Scottish Government.
 - In addition to this, the need to purchase six new laptops to facilitate home working at a cost of £3,000, plus £3,036 of additional costs in respect of the Scottish Parliamentary Election in 2021 which is fully funded by Scottish Government grant funding, has been offset by a reduction in subsistence costs of £8,685, due to COVID-19 restrictions.

- Agency Payments:
 - Overspend of £12,897 is due to the need for additional actuarial reports required as part of the preparation process for the annual accounts, together with the engagement of HR consultants to assist with the pay and grading review exercise.
- Supplies and Services:
 - Overspend of £51,674 can be attributed in the main to the requirement to retain a consultant valuer to provide cover for the vacant post of Depute Assessor, plus £5,000 of expenditure in respect of the Scottish Parliamentary Election in 2021 which is fully funded by Scottish Government grant funding.
- Transport and Mobile Plant:
 - Underspend of £27,809 can be attributed to a reduction in travel costs as a direct result of COVID-19 restrictions during the year.
- Recharges from Shetland/Orkney Islands Councils for Support Services:
 - Overspend of £4,553 can be attributed to additional costs associated with the transfer of hosting arrangements to Orkney during the year, including designated key officer appointments and transition of central support services.
- Additional grant income:
 - £60,160 from Scottish Government during the year, being £30,752 towards the cost of the IDOX Eros system development plus £29,408 towards the Scottish Parliament Election in 2021. This figure of £29,408 reflects the fact that £10,000 of the funding was carried forward to be utilised in financial year 2021/22.

4.3.

The activity of the Board has been heavily impacted by the need to respond to the COVID-19 pandemic and the associated restrictions imposed by the UK and Scottish Governments during the financial year. For example, certain activities where physical visits or surveys would normally be required have had to be reduced or halted altogether. The Board has however adapted to new ways of working to ensure that delivery of essential services can continue throughout.

4.4.

The net underspend of £98,624 on the Board's activities relative to the approved revenue budget for financial year 2020/21 represents a decrease in the requisition to each of the constituent authorities as follows:

- Orkney Islands Council – £46,021.
- Shetland Islands Council – £52,602.

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: Revenue Budget Monitoring Statement for financial year 2020/21

Income & Expenditure Summary	20/21 Annual Budget £	20/21 Core Outturn £	20/21 Barclay Outturn £	20/21 Total Outturn £	Annual Budget v Outturn (Adv) / Pos £
EXPENDITURE:					
Basic Pay	434,182	318,887	42,085	360,971	73,211
Overtime	500	403	-	403	97
National Insurance	49,469	36,128	4,004	40,132	9,337
Pension Costs	123,905	91,268	10,526	101,794	22,111
Allowances	41,655	24,050	6,500	30,550	11,105
Liability Insurance	3,270	3,009	-	3,009	261
Employee Costs	652,981	473,744	63,114	536,858	116,123
Administration	108,436	117,101	27,582	144,683	(36,247)
Agency Payments	8,315	21,212	-	21,212	(12,897)
Property and Fixed Plant	6,825	7,033	-	7,033	(208)
Supplies and Services	27,600	79,274	-	79,274	(51,674)
Transport and Mobile Plant	29,630	1,329	492	1,821	27,809
Recharges for Shetland Islands Council	18,000	22,553	-	22,553	(4,553)
Operating Costs	198,806	248,501	28,074	276,575	(77,770)
TOTAL EXPENDITURE	851,787	722,245	91,189	813,434	38,353
INCOME:					
Sales/Agency Income	(43,200)	(43,311)	-	(43,311)	111
Scottish Government Funding	-	(60,160)	-	(60,160)	60,160
TOTAL INCOME	(43,200)	(103,471)	-	(103,471)	60,271
NET EXPENDITURE	808,587	618,774	91,189	709,963	98,624
CHARGE TO CONSTITUENT AUTHORITIES:					
Orkney Islands Council	(406,927)	(311,662)	(49,244)	(360,906)	(46,021)
Shetland Islands Council	(401,660)	(307,113)	(41,945)	(349,058)	(52,602)
TOTAL CHARGE TO CONSTITUENT AUTHORITIES	(808,587)	(618,774)	(91,189)	(709,963)	(98,624)