

Item: 12

Orkney and Shetland Valuation Joint Board: 30 June 2022.

Revenue Expenditure Outturn.

Report by Treasurer of the Board.

1. Purpose of Report

To advise on the draft revenue budget outturn position for financial year 2021/22 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 the period 1 April 2021 to 31 March 2022, attached as Annex 1 to this report, indicating 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 18 February 2021, the Board set its balanced budget for financial year 2021/22, 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 the period 1 April 2021 to 31 March 2022 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 £946,522 which, against an approved budget of £922,600, represents an overspend of £23,922 as at 31 March 2022. This can be attributed in the main as follows:

- Staff Costs:
 - Underspend of £38,236 mainly attributable to the post of Depute Assessor remaining vacant for seven months of the year. This was offset in part by changes associated with implementation of a new pay and grading model during the year.
- Property Costs:
 - Overspend of £2,110 can be attributed to work carried out to install additional partition with screen in response to COVID-19 health and safety requirements.
- Supplies and Services:
 - Overspend of £90,768 can be attributed to the requirement to retain a consultant valuer to provide cover for the vacant post of Depute Assessor for seven months of the year, plus additional fees associated with concluding an external audit review of the Board's governance arrangements during 2021.
- Transport Costs:
 - Underspend of £21,512 can be attributed to a reduction in travel costs as a direct result of COVID-19 restrictions during the year.

- Administration Costs:
 - Overspend of £1,578 can be attributed to additional printing costs in relation to elections, partially offset by a reduction in subsistence costs as a result of the impact of COVID-19 restrictions on staff travel.
- Government Grants:
 - £10,000 of Scottish Government funding carried forward from 2020/21 to support costs towards the Scottish Parliament Election in 2021.

4.4.

The overspend, amounting to £23,922, will require to be offset in full by an additional requisition from the constituent local authorities as follows:

- Orkney Islands Council – an increase of £9,841 to £474,541.
- Shetland Islands Council – an increase of £14,082 to £471,982.

4.5.

The above figures will be finalised once the external audit review of the Board's draft accounts has been duly completed.

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

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8. Annexes

Annex 1: Financial summary as at 31 March 2022.

Annex 2: Budget Action Plan.

The following tables show the spending position by service function

Orkney & Shetland Valuation Joint Board	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Joint Costs		721.6	712.3	9.3	101.3	712.3
Barclay Review		122.1	120.9	1.2	101.0	120.9
Shetland Costs		50.1	41.3	8.8	121.0	41.3
Orkney Costs		52.7	48.1	4.6	110.0	48.1
Requisition SIC	1B	(472.0)	(457.9)	(14.1)	103.0	(457.9)
Requisition OIC		(474.5)	(464.7)	(9.8)	102.0	(464.7)
Service Total		(0.0)	(0.0)	(0.0)	0.0	0.0

Orkney & Shetland Valuation Joint Board

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R69E	Requisition - SIC More than anticipated income by £14.1K Additional requisition required to meet share of £23,922 net overspend incurred across expenditure cost centres. Final amount will be subject to outcome of audit.	No action required No action required at present.	Colin Kemp	31/03/2022	Ongoing