

Item: 7

Orkney and Shetland Valuation Joint Board: 18 February 2021.

Budget Monitoring Report.

Report by Treasurer to the Board.

1. Purpose of Report

To advise on the projected revenue budget outturn positions for financial year 2020/21 as at 31 December 2020.

2. Recommendations

The Board is invited to note:

2.1.

The revenue budget monitoring statement as at 31 December 2020, attached as Appendix 1 to this report, projecting a budget surplus position of £96,438.

The Board is invited to scrutinise:

2.2.

The explanations given in this report in respect of the significant budget variances, to obtain assurance that action is being 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 is £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. Projected Budget Outturn Position – Reporting Period 9

4.1.

This report sets out the Board's financial position as at 31 December 2020, being reporting period 9 of the current financial year 2020/21. This indicates that expenditure on services for the financial year as a whole is expected to be £712,149 which, against an approved budget of £808,587, represents a projected outturn underspend position of £96,438 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 £107,213 can be attributed in the main to the post of Depute Assessor which is expected to remain 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 £28,963 can 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 approximately £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 £8,250 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.
- Property and Fixed Plant:
 - Overspend of £1,082 is due to property maintenance works during the year.
- Supplies and Services:
 - Overspend of £46,216 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 £27,448 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 Council for Support Services:
 - Overspend of £10,000 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:
 - £56,288 from Scottish Government during the year, being £30,752 towards the cost of the IDOX Eros system development plus £25,536 towards the Scottish Parliament Election in 2021.
 - The current planning assumption is for £10,000 of the additional Scottish Parliament Election funding to be carried forward and utilised in financial year 2021/22. As such, this sum forms part of the Board's current year projected budget underspend and will also need to be requisitioned as part of the draft revenue budget for 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. Overall, the financial impact of the pandemic has been quantified as contributing £33,133 towards the Board's projected net underspend for financial year 2020/21.

4.4.

The projected net underspend of £96,438 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 – £45,891.
- Shetland Islands Council – £50,547.

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

Colin Kemp, Treasurer to the Board, Email colin.kemp@orkney.gov.uk.

8. Appendix

Appendix 1: Revenue Budget Monitoring Statement for financial year 2020/21 – Period 9.

APPENDIX 1

Revenue Budget Monitoring Statement	20/21 Annual Budget £	20/21 Core Outturn at P9 £	20/21 Barclay Outturn at P9 £	20/21 Total Outturn at P9 £	Annual Budget v Outturn (Adv) / Pos £
EXPENDITURE:					
Basic Pay	434,182	326,966	42,084	369,051	65,131
Overtime	500	-	-	-	500
National Insurance	49,469	34,402	6,037	40,439	9,030
Pension Costs	123,905	92,271	10,520	102,790	21,115
Allowances	41,655	24,010	6,470	30,480	11,175
Liability Insurance	3,270	3,009	-	3,009	261
Employee Costs	652,981	480,657	65,111	545,768	107,213
Administration	108,436	111,028	26,370	137,398	(28,963)
Agency Payments	8,315	16,565	-	16,565	(8,250)
Property and Fixed Plant	6,825	7,907	-	7,907	(1,082)
Supplies and Services	27,600	73,816	-	73,816	(46,216)
Transport and Mobile Plant	29,630	1,710	472	2,182	27,448
Recharges from Shetland/Orkney Islands Council for Support Services	18,000	28,000	-	28,000	(10,000)
Operating Costs	198,806	239,026	26,842	265,868	(67,063)
TOTAL EXPENDITURE	851,787	719,683	91,954	811,637	40,150
INCOME:					
Sales/Agency Income	(43,200)	(43,200)	-	(43,200)	-
Scottish Government Funding	-	(56,288)	-	(56,288)	56,288
TOTAL INCOME	(43,200)	(99,488)	-	(99,488)	56,288
NET EXPENDITURE	808,587	620,195	91,954	712,149	96,438
CHARGE TO CONSTITUENT AUTHORITIES:					
Orkney Islands Council	(406,927)	(315,059)	(45,977)	(361,036)	(45,891)
Shetland Islands Council	(401,660)	(305,136)	(45,977)	(351,113)	(50,547)
TOTAL CHARGE TO CONSTITUENT AUTHORITIES	(808,587)	(620,195)	(91,954)	(712,149)	(96,438)