

# Report

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| Report to:       | <b>Lanarkshire Valuation Joint Board</b>              |
| Date of Meeting: | <b>6 December 2021</b>                                |
| Report by:       | <b>Treasurer to Lanarkshire Valuation Joint Board</b> |

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| Subject: | <b>Revenue Budget Monitoring and Probable Outturn<br/>Position 2021/2022 - Lanarkshire Valuation Joint Board</b> |
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## 1. Purpose of Report

1.1. The purpose of the report is to:

- ♦ provide a forecast for the year to 31 March 2022
- ♦ provide information on the actual expenditure measured against the revenue budget for the period 1 April 2021 to 5 November 2021

## 2. Recommendation(s)

2.1. The Board is asked to approve the following recommendation(s):

- (1) that following the probable outturn exercise, the transfer to Reserves for the current financial year is £0.021 million (section 4.1 and Appendix A), be noted;
- (2) that following the transfer to Reserves of £0.021 million, £1.148 million will be carried to the Balance Sheet at the end of March 2022 (section 4.3), be noted; and
- (3) that an underspend to date of £0.289 million on Lanarkshire Valuation Joint Board's revenue budget as at 5 November 2021 (section 4.10 and Appendix A), be noted.

## 3. Background

3.1. This is the third revenue budget monitoring report presented to the Lanarkshire Valuation Joint Board for the financial year 2021/2022.

3.2. The report details the financial position for Lanarkshire Valuation Joint Board as at 5 November 2021 as well as detail on the annual probable outturn exercise carried out for financial year 2021/2022. These are detailed in section 4 shown in Appendix A.

## 4. 2021/2022 Probable Outturn and Revenue Monitoring

4.1. Appendix A shows the results of the probable outturn exercise. The financial forecast to 31 March 2022 is a Transfer to Reserves of £0.021 million. This is compared to a budgeted Transfer from Reserves of £0.307 million and means that the Board's Reserves will be in a better position than budgeted, by £0.328 million.

4.2. The improved position is mainly the result of the ongoing underspend in Employee Costs (£0.330m). Minor variances are also shown in Income (over-recovery of £0.011m) and an overspend in Supplies and Services (£0.014m). Explanations for these variances are detailed overleaf.

- ◆ **Employee Costs:** The underspend (£0.330m) mainly reflects the level of turnover experienced in staffing to date. Newly recruited Trainee Valuers and Trainee Technicians have just started in post and their costs will be reflected in the spend position moving forward. The new posts will be at a lower grade than the qualified posts. This underspend also includes a small forecast underspend on costs associated with the implementation of the Barclay recommendations in 2021/2022 (£0.043m).
- ◆ **Supplies and Services:** Additional costs have already been incurred (£0.014m) due to spend on compliance with the Equality Act 2010 Public Sector Duty to make reasonable adjustments. It also includes some other minor spend on office equipment.
- ◆ **Income:** An over recovery on sales of Electoral Registers is expected (£0.011m). This is due to the recalculation in the costs of providing Electoral Registers.

- 4.3. **Reserves:** In order to balance the budget in-year, there will be a transfer to Reserves of £0.021 million. At the end of 2020/2021, the Board carried forward £1.127 million into 2021/2022. Taking these together means that a balance of £1.148 million will be carried into 2021/2022.
- 4.4. **Barclay Funding:** While the Board were allocated £0.704 million from the Scottish Government (through councils) for the current year (2021/2022), there is no agreement yet from the Scottish Government on funding for 2022/2023. While spend is being incurred on the implementation of the Barclay recommendations, the uncertainty of long-term funding means that this will be managed on an ongoing basis until future funding levels are clarified. The probable outturn position reflects the anticipated spend in the current year and as noted in section 4.2 (bullet 1), there is an estimated underspend of £0.043m. Spend levels will continue to be monitored during the year and a final position noted at the year-end.
- 4.5. It is expected that as the recommendations from the Barclay report are implemented, costs will significantly rise in future years. The funding is normally notified alongside the Local Government Settlement. The Board will be updated as we go through the year.
- 4.6. **Budget Virements:** there are 2 budget virements included in Appendix A. These are a realignment of Barclay Funding to reflect updated costs and additional budget and funding for Postal Vote Applications – see section 4.7.
- 4.7. **Postal Vote Applications:** As previously reported to the Board (March 2021 and June 2021), the Scottish Government allocated £0.362m to the Board to support the Electoral Registration Officer in processing the expected increase in postal vote applications for the Scottish Parliamentary Election 2021.
- 4.8. Due to a lower than anticipated uptake of postal vote applications, there was an underspend of £0.277m in 2020/2021. As a condition of the funding, these unused funds were returned to South Lanarkshire Council to hold in Reserves on the Board's behalf. Expenditure incurred in relation to this in 2021/2022 is £0.021 million. The budget has been transferred to the Board from South Lanarkshire Council's Reserve.

- 4.9. **Household Notification Letters**: It is anticipated that Household Notification Letters will be issued early next year advising of who is registered at each household in the run up to the Local Government Elections in 2022. This will result in increased Administration Costs for the Board (£0.128m). The expectation is that these costs will be funded by the underspend currently held in Reserves by South Lanarkshire Council (section 4.8 above). The costs and funding have not yet been reflected in the figures presented.
- 4.10. **Period 8 Monitoring Position**: As at 5 November 2021, the variance from phased budget to date is an underspend of £0.289 million. This is shown in Appendix A.
- 4.11. This is a continuation of the previously reported position and reflects the probable outturn position anticipated for the full year.
- 5. Financial Implications**
- 5.1. The financial implications are noted in section 4 of the report.
- 6. Employee Implications**
- 6.1. None
- 7. Climate Change, Sustainability and Environmental Implications**
- 7.1. There are no climate change, sustainability or environmental implications in terms of the information contained in this report.
- 8. Other Implications**
- 8.1. The main risk associated with the Board's Revenue Budget is that there is an overspend. The risk has been assessed as low given the detailed budget management applied. The risk is managed through four weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the probable outturn exercise ensures early warning for corrective action to be taken where appropriate.
- 9. Equality Impact Assessment and Consultation Arrangements**
- 9.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.
- 9.2. There is also no requirement to undertake any consultation in terms of the information contained in the report.

**Paul Manning**  
**Treasurer**

9 November 2021

#### **Previous References**

- ◆ Revenue Budget Monitoring 2021/2022 - Lanarkshire Valuation Joint Board - 7 June 2021
- ◆ Revenue Budget Monitoring 2021/2022 - Lanarkshire Valuation Joint Board – 6 September 2021

#### **List of Background Papers**

- ◆ Revenue Budget 2022/2023 – Lanarkshire Valuation Joint Board – 6 December 2021

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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## LANARKSHIRE VALUATION JOINT BOARD

## Revenue Budget Monitoring Report

Period Ended 5 November 2021 (No.8)

|                                     | Annual<br>Budget | Forecast<br>for Year | Annual<br>Forecast<br>Variance | Budget<br>Proportion<br>05/11/21 | Actual<br>05/11/21 | Variance<br>05/11/21 |                   | %<br>Variance<br>05/11/21 | Note  |
|-------------------------------------|------------------|----------------------|--------------------------------|----------------------------------|--------------------|----------------------|-------------------|---------------------------|-------|
|                                     | £000             | £000                 | £000                           | £000                             | £000               | £000                 |                   |                           |       |
| <b><u>Budget Category</u></b>       |                  |                      |                                |                                  |                    |                      |                   |                           |       |
| Employee Costs                      | 3,396            | 3,066                | 330                            | 1,907                            | 1,604              | 303                  | under             | 15.9%                     | 1,a,b |
| Property Costs                      | 5                | 0                    | 5                              | 5                                | 0                  | 5                    | Under             | 100%                      | 2     |
| Supplies & Services                 | 208              | 222                  | (14)                           | 78                               | 91                 | (13)                 | over              | (16.7%)                   | 3, a  |
| Transport & Plant                   | 0                | 0                    | 0                              | 0                                | 0                  | 0                    | -                 | n/a                       |       |
| Administration Costs                | 515              | 517                  | (2)                            | 284                              | 287                | (3)                  | over              | (1.1%)                    | b     |
| Payments to Other Bodies            | 31               | 32                   | (1)                            | 5                                | 5                  | 0                    | -                 | 0.0%                      | a     |
| Payments to Contractors             | 0                | 0                    | 0                              | 0                                | 0                  | 0                    | -                 | n/a                       |       |
| Transfer Payments                   | 0                | 0                    | 0                              | 0                                | 0                  | 0                    | -                 | n/a                       |       |
| Financing Charges                   | 14               | 14                   | 0                              | 15                               | 17                 | (2)                  | over              | (13.3%)                   | 4     |
| <b>Total Controllable Exp.</b>      | 4,169            | 3,851                | 318                            | 2,294                            | 2,004              | 290                  | under             | 12.6%                     |       |
| <b>Total Controllable Inc.</b>      | (7)              | (18)                 | 11                             | (1)                              | 0                  | (1)                  | under<br>recovery | 100%                      |       |
| <b>Net Controllable Exp.</b>        | 4,162            | 3,833                | 329                            | 2,293                            | 2,004              | 289                  | under             | 13.2%                     |       |
| <b>Add Non Controllable Budgets</b> |                  |                      |                                |                                  |                    |                      |                   |                           |       |
| Central Support Costs               | 378              | 379                  | (1)                            | 9                                | 9                  | 0                    | -                 | 0.0%                      | a     |
| <b>Total Budget</b>                 | 4,540            | 4,212                | 328                            | 2,302                            | 2,013              | 289                  | under             | 12.6%                     |       |
| <b>Funded By:</b>                   |                  |                      |                                |                                  |                    |                      |                   |                           |       |
| North Lanarkshire Council           | (2,106)          | (2,106)              | 0                              | (1,228)                          | (1,228)            | 0                    | -                 | 0.0%                      |       |
| South Lanarkshire Council           | (2,127)          | (2,127)              | 0                              | (1,250)                          | (1,250)            | 0                    | -                 | 0.0%                      | b     |
| Transfer (From) Reserves            | (307)            | 21                   | (328)                          | 0                                | 0                  | 0                    | -                 | n/a                       |       |
| <b>Net Budget</b>                   | 0                | 0                    | 0                              | (176)                            | (465)              | 289                  | under             | (164.2%)                  |       |

**Variance Explanations**

- Employee Costs:** The underspend reflects turnover of staff and vacant posts for which recruitment has now taken place. (section 4.2).
- Property Costs:** The underspend reflects budget no longer required for Scottish Water charges.
- Supplies and Services:** The overspend is mainly due to spend in compliance with the Equality Act 2010 Public Sector Duty to make reasonable adjustments, as well as some other minor spend on office equipment (section 4.2).
- Financing Charges:** The overspend is in relation to slightly higher than budgeted IT leasing charges (section 4.2).

**Virement**

- Reallocation of Barclay Funding Spend (£nil effect):** Employee Costs budget £0.008m; Supplies and Services £0.100m; Payments to other Bodies (£0.045m); and Central Support Costs (£0.063m).
- Scottish Government Funding for additional Postal Vote Applications (£nil effect):** Employee Costs budget £0.016m, Administration Costs £0.005m and SLC Requisitions £0.021m.