

# Report

Report to:	<b>Lanarkshire Valuation Joint Board</b>
Date of Meeting:	<b>7 December 2020</b>
Report by:	<b>Treasurer to Lanarkshire Valuation Joint Board</b>

Subject:	<b>Revenue Budget Monitoring and Probable Outturn Position 2020/2021 - 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 2020
- ◆ provide information on the actual expenditure measured against the revenue budget for the period 1 April 2020 to 6 November 2020

## 2. Recommendation(s)

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

- (1) that it be noted that, following the probable outturn exercise, the transfer to Reserves for the current financial year is £0.140 million, as detailed in Appendix A;
- (2) that an underspend to date of £0.357 million on Lanarkshire Valuation Joint Board's revenue budget, as detailed in Appendix A of the report, be noted; and
- (3) that it be noted that, following the transfer to Reserves of £0.140 million, £1.087 million will be carried to the Balance Sheet at the end of March 2021..

## 3. Background

3.1. This is the third revenue budget monitoring report presented to the Lanarkshire Valuation Joint Board for the financial year 2020/2021.

3.2. The report details the financial position for Lanarkshire Valuation Joint Board as at 6 November 2020 as well as detail on the annual probable outturn exercise carried out for financial year 2020/2021. These are shown in Appendix A.

## 4. Employee Implications

4.1. None

## 5. Financial Implications

5.1. **Probable Outturn Position:** Appendix A shows the results of the probable outturn exercise. The financial forecast to 31 March 2021 is a Transfer to Reserves of £0.140 million. This is compared to a budgeted Transfer from Reserves of £0.370 million, meaning that the Board's Reserves will be in a better position than budgeted, by £0.570 million.

- 5.2. The improved position is the result of the ongoing underspend in Employee Costs (£0.621) offset in the main by overspends in Supplies and Services (£0.024m), Administration Costs (£0.078m) and Financing Charges (£0.009m). The variances are detailed in sections 5.3. to 5.10.
- 5.3. **Employee Costs:** The underspend (£0.621m) reflects the delay in recruitment of five Trainee Valuers and the level of turnover experienced in staffing. This is along with the impact of the Barclay funding received after the budget was set.
- 5.4. While the Board were allocated £0.594 million from the Scottish Government (through councils) for the current year (2020/2021), there is no agreement yet from the Scottish Government on funding beyond this year.
- 5.5. 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 with any underspend being carried forward for use in the next financial year. Required spend levels will continue to be monitored during the year.
- 5.6. It is expected that as the recommendations from the Barclay report are implemented, costs will significantly rise in future years. On behalf of the Board, the Treasurer continues to engage with COSLA regarding the timing of notification of future funding. The Board will be updated as we go through the year.
- 5.7. **Supplies and Services:** An overspend is expected in relation to the additional costs of personal protective equipment (£0.016m) in 2020/2021 and for the maintenance costs of upgrading to personal laptops (£0.008m) to facilitate home working.
- 5.8. **Administration Costs:** Additional costs are expected for Printing and Stationery due to the external provision of scanning (£0.070m). Training Costs are also expected to be higher due to the recruitment of trainee valuers and trainee technicians over recent years (£0.005m) as these employees require to attend University/College as part of their training.
- 5.9. **Financing Charges:** An overspend is expected in IT leasing costs in relation to the additional laptops (£0.009m) required to facilitate home working.
- 5.10. **Reserves:** At the end of 2019/2020, the Board carried forward £0.947 million into 2020/2021. Taking into account the £0.140 million Transfer to Reserves noted in 5.1, a balance of £1.087 million will be carried into 2020/2021.
- 5.11. **Period 8 Budget Virements:** there are 4 budget virements detailed in sections 5.12 to 5.15. These are shown Appendix 1.
- 5.12. **Barclay Funding:** An amount of £0.011m is to be contributed to the Scottish Assessors Association portal in respect of Barclay requirements, therefore, the Employee Costs budget is decreased by £0.011m and is offset by an increase to Payments to Other Bodies budget.
- 5.13. **Individual Electoral Reform:** There is a slight change to the allocation of the reduced costs for the Canvass Reform, from the reported change on 7 September 2020. The cost of Temporary Canvassers is increasing by £0.017m, which is offset by Administration Costs (£0.017m).

- 5.14. **Property Costs:** A transfer from Reserves (£0.195m) to pay for additional property costs (£0.195m).
- 5.15. **Electoral Registration:** The Scottish Government is providing funding for the extension of the franchise for electoral registration for prisoners. IT systems require to be updated for this. The additional costs incurred to date (£0.013m) are offset by increased income (£0.013m).
- 5.16. **Period 8 Monitoring Position:** As at 6 November 2020, the variance from phased budget to date is an underspend of £0.357 million. This is shown in Appendix A.
- 5.17. This is a continuation of the previously reported position, and reflects the probable outturn position anticipated for the full year.
- 6. Climate Change, Sustainability and Environmental Implications**
- 6.1. There are no climate change, sustainability or environmental implications in terms of the information contained in this report.
- 7. Other Implications**
- 7.1. 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 endures early warning for corrective action to be taken where appropriate.
- 7.2. Due to the pandemic, there may be implications for the Assessor in relation to the May 2021 election in terms of postal voting and increased administration. We will continue to work with the Assessor in relation to any financial impact this may have.
- 8. Equality Impact Assessment and Consultation Arrangements**
- 8.1. 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.
- 8.2. There is also no requirement to undertake any consultation in terms of the information contained in the report.

**Paul Manning**  
**Treasurer**

9 November 2020

#### **Previous References**

- ◆ Revenue Budget Monitoring 2020/2021 - Lanarkshire Valuation Joint Board - 1 June 2020
- ◆ Revenue Budget Monitoring 2020/2021 - Lanarkshire Valuation Joint Board – 7 September 2020

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

- ◆ Revenue Budget 2020/2021 – Lanarkshire Valuation Joint Board – 2 December 2019

**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 6 November 2020 (No.8)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 06/11/20	Actual 06/11/20	Variance 06/11/20		% Variance 06/11/20	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	3,452	2,831	621	1,968	1,559	409	under	20.8%	1,a,b
Property Costs	200	200	0	4	4	0	-	0.0%	d
Supplies & Services	112	136	(24)	104	124	(20)	over	(19.2%)	2, c
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	515	593	(78)	232	262	(30)	over	(12.9%)	3, b
Payments to Other Bodies	33	33	0	14	14	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	23	(9)	10	10	0	-	0.0%	
<b>Total Expenditure</b>	<b>4,326</b>	<b>3,816</b>	<b>510</b>	<b>2,332</b>	<b>1,973</b>	<b>359</b>	<b>under</b>	<b>15.4%</b>	
<b>Total Income</b>	<b>(58)</b>	<b>(58)</b>	<b>0</b>	<b>(53)</b>	<b>(51)</b>	<b>(2)</b>	<b>under recovered</b>	<b>3.8%</b>	<b>b, c</b>
<b>Net Expenditure</b>	<b>4,268</b>	<b>3,758</b>	<b>510</b>	<b>2,279</b>	<b>1,992</b>	<b>357</b>	<b>under</b>	<b>15.7%</b>	
<b>Add:</b>									
Central Support Costs	492	492	0	332	332	0	-	0.0 %	
<b>Total Budget</b>	<b>4,760</b>	<b>4,250</b>	<b>510</b>	<b>2,611</b>	<b>2,254</b>	<b>357</b>	<b>under</b>	<b>13.7%</b>	
<b>Funded By:</b>									
North Lanarkshire Council	(2,195)	(2,195)	0	(1,280)	(1,280)	0	-	0.0%	
South Lanarkshire Council	(2,195)	(2,195)	0	(1,280)	(1,280)	0	-	0.0%	
Transfer To / (From) monies held in reserve	(370)	140	510	0	0	0	-	n/a	d
<b>Net Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51</b>	<b>(306)</b>	<b>357</b>	<b>under</b>	<b>(290.4%)</b>	

Variance Explanations

- Employee Costs:** The underspend mainly reflects recruitment timescales as a result of the pandemic.
- Supplies and Services:** The overspend relates to the costs of computer equipment and personal protective equipment in relation to the pandemic.
- Administration Costs:** The overspend is in relation to scanning costs in relation to Non-Domestic Rates.

Virement

- Barclay Funding Spend (£nil effect):** Decrease the Employee Costs budget by £0.011m and increase Payments to Other Bodies by £0.011m for increased contribution to Scottish Assessors Association (Section 5.12).
- Individual Electoral Reform Spend/Funding (£nil effect):** Increase the Employee Costs budget for Temporary Canvassers by £0.017m and decrease Administration Costs by £0.018m. This is offset by a slight decrease in Cabinet Office Funding £0.001m (Section 5.13).
- Electoral Registration Spend/Funding (£nil effect):** Increase Supplies and Services budget by £0.013m which is offset by an increase in funding received £0.013m (Section 5.15).
- Transfer from Reserves (£0.195m):** Increase the transfer from Reserves by £0.195m and increase Property Costs by £0.195m for additional costs.