

# Report

Report to:	<b>Lanarkshire Valuation Joint Board</b>
Date of Meeting:	<b>4 December 2023</b>
Report by:	<b>Treasurer to Lanarkshire Valuation Joint Board</b>

Subject:	<b>Revenue Budget Monitoring and Probable Outturn Position 2023/2024 - 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 2024
- ◆ provide information on the actual expenditure measured against the revenue budget for the period 1 April to 3 November 2023

## 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 £0.120 million (section 4.1 and Appendix A);
- (2) that it be noted that, following the transfer to Reserves of £0.120 million, the Reserves balance at the end of March 2024 will be £1.841 million (section 4.4); and
- (3) that an underspend to date of £0.316 million on Lanarkshire Valuation Joint Board's revenue budget as at 3 November 2023 (section 4.8 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 2023/2024.

3.2. The report details the financial position for Lanarkshire Valuation Joint Board as at 3 November 2023 as well as detail on the annual Probable Outturn exercise carried out for financial year 2023/2024. These are detailed in section 4 and shown in Appendix A.

## 4. 2023/2024 Probable Outturn and Revenue Monitoring

4.1. Appendix A shows the results of the Probable Outturn exercise. The financial forecast to 31 March 2024 is a transfer to Reserves of £0.120 million. This is compared to a budgeted transfer from Reserves of £0.272 million and means that the Board's Reserves will be in a better position than budgeted, by £0.392 million.

- 4.2. The improved position is mainly the result of the ongoing underspend in Employee Costs (£0.358 million) and Administration Costs (£0.018 million). In addition, within Financing Charges there is an over recovery of interest receivable on the Board's revenue balances (£0.028 million). These are partially offset by minor overspends in Supplies and Services (£0.007 million) and Central Support Costs (£0.005 million). Explanations for these variances are detailed overleaf.
- ◆ **Employee Costs:** The underspend (£0.358 million) mainly reflects the level of turnover experienced in staffing to date and vacant posts, for which recruitment is ongoing. In arriving at this position, an assumption has been made regarding recruitment timescales as well as anticipated impact from the pay award. In addition, changes to senior management posts have added to the underspend due to the timing of appointments and the starting grades of new personnel in post.
  - ◆ **Administration Costs:** The underspend (£0.018 million) mainly reflects lower than budgeted for costs of Engaging Counsel in relation to valuation appeals following the transfer of the Valuation Appeal Panel to the Scottish Courts and Tribunal Services.
  - ◆ **Financing Charges:** The over recovery of interest receivable on the Board's revenue balances (£0.028 million) reflects the increase in the interest rates in late 2022/2023 and which have continued into 2023/2024.
  - ◆ **Supplies and Services:** The overspend (£0.007 million) reflects increased costs of computer equipment maintenance and office equipment maintenance to ensure disability adaptations needs are met.
- 4.3. It should be noted that the probable outturn position is based on best information as at November 2023. The staffing position and the effect of inflation will continue to be monitored and the Board will be updated on any significant changes to the forecast position as the year progresses.
- 4.4. **Reserves:** As noted in section 4.1, in order to balance Probable Outturn position, there will be a transfer to Reserves of £0.120 million. At the end of 2022/2023, the Board carried forward £1.721 million into 2023/2024. Taking these together means that a balance of £1.841 million will be carried into 2024/2025.
- 4.5. **Barclay Funding:** While the Board was allocated £0.698 million from the Scottish Government (through councils) for the current year (2023/2024), there is no agreement yet from the Scottish Government on funding for 2024/2025. 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. Spend levels will continue to be monitored during the year and a final position noted at the year-end.
- 4.6. It is expected that as the recommendations from the Barclay report are fully implemented, costs will significantly rise in future years. The funding is normally notified alongside the Local Government Settlement. The Board will be updated as further information is known.
- 4.7. **Budget Virements:** Appendix A includes some minor budget virements to reflect service delivery. These include the realignment of budget for travel expenses and also the use of the New Burdens monies.

- 4.8. **Period 8 Monitoring Position:** As at 3 November 2023, the variance from phased budget to date is an underspend of £0.316 million. This is shown in Appendix A.
- 4.9. This is a continuation of the previously reported position and reflects the position as at accounting period 8. At this time, the monitoring does not include any impact of the 2023/2024 Pay Award, however, an estimate of the cost is included in the Probable Outturn position detailed in Appendix A.
- 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**

8 November 2023

#### **Previous References**

- ◆ Revenue Budget Monitoring 2023/2024 – Lanarkshire Valuation Joint Board – 5 June 2023
- ◆ Revenue Budget Monitoring 2023/2024 – Lanarkshire Valuation Joint Board – 4 September 2023

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

- ◆ Revenue Budget 2023/2024 – Lanarkshire Valuation Joint Board – 5 December 2022

#### **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 3 November 2023 (No.8)

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 03/11/23	Actual 03/11/23	Variance 03/11/23		% Variance 03/11/23	Note
	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>									
Employee Costs	3,261	2,903	358	1,828	1,504	324	under	17.7%	1,a
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	159	166	(7)	124	126	(2)	over	1.6%	
Transport and Plant	5	5	0	2	2	0	-	0.0%	a
Administration Costs	490	472	18	336	337	(1)	over	(0.3%)	b
Payments to Other Bodies	31	31	0	6	6	0	-	0.0%	
Financing Charges	13	(15)	28	2	2	0	-	0.0%	
<b>Total Controllable Exp.</b>	<b>3,959</b>	<b>3,562</b>	<b>397</b>	<b>2,298</b>	<b>1,977</b>	<b>321</b>	<b>under</b>	<b>14.0%</b>	
<b>Total Controllable Inc.</b>	<b>(60)</b>	<b>(60)</b>	<b>0</b>	<b>(42)</b>	<b>(42)</b>	<b>0</b>	<b>-</b>	<b>0.0%</b>	<b>b</b>
<b>Net Controllable Exp.</b>	<b>3,899</b>	<b>3,502</b>	<b>397</b>	<b>2,256</b>	<b>1,935</b>	<b>321</b>	<b>under</b>	<b>14.2%</b>	
<b>Add Non Controllable Budgets</b>									
Central Support Costs	381	386	(5)	16	21	(5)	over	(31.3%)	2
<b>Total Budget</b>	<b>4,280</b>	<b>3,888</b>	<b>392</b>	<b>2,272</b>	<b>1,956</b>	<b>316</b>	<b>under</b>	<b>13.9%</b>	
<b>Funded By:</b>									
North Lanarkshire Council	2,004	2,004	0	1,169	1,169	0	-	0.0%	
South Lanarkshire Council	2,004	2,004	0	1,169	1,169	0	-	0.0%	
Transfer From / (To) Reserves	272	(120)	392	0	0	0	-	n/a	
<b>Net Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(66)</b>	<b>(382)</b>	<b>316</b>	<b>under</b>	<b>-</b>	

**Variance Explanations****1. Employee Costs**

The underspend reflects vacant posts for which recruitment is ongoing.

**2. Central Support Costs**

Additional Office Accommodation costs associated with David Dale House have been incurred as a one-off payment in 2023/24.

**Virement**

- a. **Realignment of Travel Expenses Budget (£nil effect)** – Decrease Employee Costs Travel Expenses budget by £0.005m and increase Transport and Plant Pool Car Recharges budget by £0.005m to reflect increased use of pool cars instead of employees' own cars.
- b. **Realignment of New Burdens Funding (£nil effect)** – Net Decrease in Administration Costs (£0.022m) and net decrease in Income (£0.022m) to reflect the realignment of New Burdens funding between the Board and the South Lanarkshire Council Elections' Office. The Board's remaining expenditure and income budget of £0.027m is for Electoral Integrity.