

Report to: **Lanarkshire Valuation Joint Board**
Date of Meeting: **29 November 2010**
Report by: **Treasurer to Lanarkshire Valuation Joint Board**

Subject: **Revenue Budget 2011/2012 – Lanarkshire Valuation Joint Board**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ To advise members of the draft budget for the coming financial year (2011/2012).
- ◆ To obtain provisional agreement on the budget which is to be presented to both North Lanarkshire Council and South Lanarkshire Council.

2. Recommendation(s)

2.1. The Board is asked to approve the following recommendations:-

- (1) that the budget strategy resulting in the sum of £3.735 million for 2011/2012 be approved.

3. Background

3.1. In previous years, the budget has been prepared for the coming financial year based on the increased level of requisition as paid by both Councils. Any additional pressures have been funded from efficiency savings within the Valuation Board. However, given the unprecedented financial circumstances facing Local Government, the budget increase possible in previous years is likely to be difficult to sustain and alternative strategies will need to be explored.

4. Considerations and Resources

- 4.1. The Valuation Board was originally requested to make 4% savings in line with South Lanarkshire Council's own financial strategy, as lead authority for the Board. This would result in a funding gap of £0.145 million as we move into 2011/2012.
- 4.2. The latest COSLA expectations are a reduction in revenue grant of around 3% and it is proposed to reduce the saving required to 3%, thereby reducing the funding gap to £0.112 million for 2011/2012.

It should be noted that the funding gap of £0.112 million, includes a continued contribution from reserves of £0.050 million.

The proposals to meet the funding gap of £0.112 million are as follows -

- **Non Filling of Existing Vacancies and Turnover Savings - £0.073m**
This saving is being achieved through non filling of existing vacancies, which equates to a reduction of 3.55 Full Time Equivalent posts in the staffing establishment. This is combined with anticipated turnover savings and offset by the cost of staff increments, and the increase in Superannuation and National Insurance contributions.
- **Reduction in Property Costs - £0.021m**
This has been achieved through a reduction in energy costs, achieved through the national energy contract.
- **Reduction in Other Costs - £0.018m**
This reduction mainly relates to savings in Valuation Appeal Board expenses, achieved through the introduction of a revised pricing structure which more accurately reflects current work practices.

4.3. These savings allow the Board to manage the reduction in requisition payments of £0.112m, and enable presentation of a balanced budget for 2011/12.

4.4. Taking into account the reduction in requisition payments and savings noted in 4.2. above the budget is noted below, with the table also showing the apportionment to both North and South Lanarkshire Councils at 50% each:

| | Total Budget Requisitions | North Lanarkshire Council | South Lanarkshire Council |
|------------|---------------------------|---------------------------|---------------------------|
| | £ | £ | £ |
| 2010/2011 | 3,797,330 | 1,899,180 | 1,898,150 |
| 2011/2012 | 3,685,330 | 1,842,665 | 1,842,665 |
| % Decrease | 3% | 3% | 3% |

4.5. The detailed budget is shown in Appendix A.

5. Employee Implications

5.1. The package includes savings through non filling of existing vacancies (3.55 FTE).

6. Financial Implications

6.1. In order to achieve a balanced budget, a continued contribution of £0.050 million has been included from Reserves for 2011/12. This contribution is being utilised in a temporary capacity only, to allow time for other options in respect of cost reduction to be reviewed and implemented on a permanent basis.

6.2. Both North and South Lanarkshire Council are required through regular monthly requisition payments to contribute to the budget for Lanarkshire Valuation Joint Board. The total requisition details, split between North and South Lanarkshire are noted in paragraph 4.4.

7. Other Implications

7.1. While management will endeavour to continue to deliver fully the statutory and non statutory aspects of the service, there is an element of risk in factoring-in the level of employee cost savings proposed in this report.

It is management's contention that the Lanarkshire Valuation Joint Board currently exhibits a significant level of efficiency within its operation. In addition, increasing demand on the service, combined with a reduction of staffing over a period of years, has in the past led to situations where tasks have not been carried out and where there has been a financial consequence for the two authorities. Members of the Joint Board should consider this risk in approving this budget strategy.

7.2 The Assessor and Electoral Registration Officer has chosen to communicate separately to Board members on the issue of risk. A separate paper has been circulated for this purpose.

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

5 November 2010

Link(s) to Council Objectives

◆ None

Previous References

◆ None

List of Background Papers

◆ None

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 2011/2012

| Description | 2010/11 Base Budget £m | 2011/12 Required Budget £m | Budget Movement £m |
|---|---|---|--|
| Employee Costs | 2.650 | 2.577 | (0.073) |
| Property Costs | 0.353 | 0.332 | (0.021) |
| Supplies and Services | 0.140 | 0.119 | (0.021) |
| Administration Costs | 0.679 | 0.683 | 0.004 |
| Payments to Other Bodies | 0.018 | 0.013 | (0.005) |
| Financing charges | 0.015 | 0.018 | 0.003 |
| Gross Expenditure | 3.855 | 3.742 | (0.113) |
| Income | (0.008) | (0.007) | 0.001 |
| Net Expenditure | 3.847 | 3.735 | (0.112) |
| Net Expenditure Budget Funded by : | | | |
| Requisition from North Lanarkshire Council | 1.898 | 1.842 | 0.056 |
| Requisition from South Lanarkshire Council | 1.899 | 1.843 | 0.056 |
| Reserves carried forward from 2009/10 | 0.050 | 0.050 | 0.000 |
| Net Budget | 0 | 0 | 0 |