

# Report

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Report to:	<b>Lanarkshire Valuation Joint Board</b>
Date of Meeting:	<b>4 December 2017</b>
Report by:	<b>Treasurer to Lanarkshire Valuation Joint Board</b>

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

1.1. The purpose of the report is to:-

- ◆ provide information on the actual expenditure measured against the revenue budget for the period 1 April 2017 to 13 October 2017.
- ◆ provide a forecast for the year to 31 March 2018.

## 2. Recommendation(s)

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

- (1) that an underspend to date of £0.058 million on Lanarkshire Valuation Joint Board's revenue budget, as detailed in Appendix A of the report, be noted;
- (2) that the additional income from the Cabinet Office in relation to Individual Electoral Registration (Appendix A), be noted;
- (3) that it be noted that, following the probable outturn exercise, the transfer from Reserves for the current financial year is £0.061 million (£0.127 million less than originally estimated), as detailed in Appendix A; and
- (4) that it be noted that, following the use of £0.061m million Reserves in 2017/18, £0.215 million will be carried to the Balance Sheet at end of March 2018.

## 3. Background

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

3.2. The report details the financial position for Lanarkshire Valuation Joint Board on Appendix A, for both the current period, and the probable outturn for the year.

## 4. Employee Implications

4.1. None

## 5. Financial Implications

### 5.1. Monitoring Position

As at 13 October 2017, the variance from phased budget to date is a £0.058 million underspend. This is shown in Appendix A along with variance explanations.

## 5.2. Probable Outturn

Appendix A also shows the results of the probable outturn exercise, where the financial forecast to 31 March 2018 is a transfer from Reserves of £0.061 million. This is £0.127 million less than budget. Underspends in Employee Costs, Central Support and also additional Income will cover additional costs within Administration and Supplies and Services. This net underspend has resulted in less being required from reserves. The variances are detailed below (sections 5.3 to 5.5).

- 5.3. In Employee Costs, an underspend is expected in salaries (£0.111m). This is the result of the recruitment of trainee valuation staff/technicians in place of qualified valuation staff, who will work towards gaining further qualifications. There has also been a delay in recruitment of a post which has been considered in line with service requirements. Overtime costs have increased as a result of the 2017 General Election and the unbudgeted impact of new legislation on the valuation roll (£0.015m).
- 5.4. Supplies and Services is expected to overspend in relation to increased costs of computer equipment purchase and maintenance (£0.017m) and Office Equipment Maintenance (£0.001m).
- 5.5. In Administration Costs, an underspend is expected in Printing and Stationery (£0.004m), Advertising (£0.001m), and Training costs (£0.002m). However, these are offset by the increase in the cost of the Valuation Appeal Panel (£0.020m). The budget was set for the year based on a reasonable expectation that Valuation Appeal Committee business would be less than preceding years, being the final year for 2010 valuation appeals.
- 5.6. However, in the first quarter of the year, a number of appeals have proceeded to a hearing of a Committee of the Lanarkshire Valuation Appeal Panel. The appellant has the right to take their case to a hearing in front of a Committee of the Panel at no cost to themselves, while the Assessor is obliged to defend council tax bands, and indeed rateable values, where he is of the view that they are correct.
- 5.7. In the main, the results of these cases have seen the Committee uphold the Assessor's position, so there is no gain to the appellant, but a cost to the Board. Regardless of the outcome of the appeals, the current arrangement for costs incurred by the Lanarkshire Valuation Appeal Panel, including the costs incurred by the Secretary to the Panel, are met by the Board.
- 5.8. While it is difficult to predict which cases will proceed to a full hearing moving forward, the full year estimated spend assumes that the level of activity experienced in the first quarter will continue for the remainder of the year.
- 5.9. As noted above, additional Income is anticipated from the Cabinet Office for Individual Electoral Registration (IER) funding. The income from the Cabinet Office is to reimburse for additional costs incurred by the Board as a result of IER. The Cabinet Office requires that a justification led bid process is followed for this additional funding.
- 5.10. As noted in 5.2., the probable outturn shows a £0.061 million use of reserves, £0.127 million lower than budgeted for. This position includes monies received for Individual Electoral Registration in 2017/2018 as well as the related spend incurred.

5.11. At the end of 2016/2017, the Board carried forward £0.276 million into 2017/2018. Based on the probable outturn noted in 5.2. above, utilisation of £0.061 million will leave a balance of £0.215 million to be carried into 2018/2019.

## **6. Other Implications**

6.1. 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.

## **7. Equality Impact Assessment and Consultation Arrangements**

7.1. 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.

7.2. There is also no requirement to undertake any consultation in terms of the information contained in the report.

7.3. There are no implications for sustainability in terms of the information contained in this report.

**Paul Manning**  
**Treasurer**

2 November 2017

## **Previous References**

Lanarkshire Valuation Joint Board, 4 September 2017

## **List of Background Papers**

◆ Financial ledger and budget monitoring results to 13 October 2017

## **Contact for Further Information**

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

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**Appendix A**

**LANARKSHIRE VALUATION JOINT BOARD**

**Revenue Budget Monitoring Report**

**Period Ended 13 October 2017 (No.8)**

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion 13/10/17</b>	<b>Actual 13/10/17</b>	<b>Variance 13/10/17</b>		<b>% Variance 13/10/17</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
Employee Costs	2,859	2,763	96	1,364	1,315	49	under	3.6%	1
Property Costs	7	7	0	7	7	0	-	0.0%	
Supplies & Services	77	95	(18)	58	64	(6)	over	(10.3%)	2
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	619	632	(13)	389	397	(8)	over	(2.1%)	3
Payments to Other Bodies	17	18	(1)	14	15	(1)	over	(7.1%)	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	10	10	0	6	6	0	-	0.0%	
<b>Total Expenditure</b>	<b>3,589</b>	<b>3,525</b>	<b>64</b>	<b>1,838</b>	<b>1,804</b>	<b>34</b>	<b>under</b>	<b>1.8%</b>	
<b>Total Income</b>	<b>(281)</b>	<b>(323)</b>	<b>42</b>	<b>(226)</b>	<b>(226)</b>	<b>0</b>	<b>-</b>	<b>0.0%</b>	
<b>Net Expenditure</b>	<b>3,308</b>	<b>3,202</b>	<b>106</b>	<b>1,612</b>	<b>1,578</b>	<b>34</b>	<b>under</b>	<b>2.1%</b>	
<b>Add:</b>									
Central Support Costs	506	485	21	355	331	24	under	6.8%	4
<b>Total Budget</b>	<b>3,814</b>	<b>3,687</b>	<b>127</b>	<b>1,967</b>	<b>1,909</b>	<b>58</b>	<b>under</b>	<b>2.9%</b>	
<b>Funded By:</b>									
North Lanarkshire Council	(1,813)	(1,813)	0	(1,058)	(1,058)	0	-	0.0%	
South Lanarkshire Council	(1,813)	(1,813)	0	(1,058)	(906)	0	-	0.0%	
Transfer To / (From) monies held in reserve	(188)	(61)	(127)	0	0	0	-	n/a	
<b>Net Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(149)</b>	<b>(207)</b>	<b>58</b>	<b>Under</b>	<b>(38.9%)</b>	

**Variance Explanations**

**1 Employee Costs**

The underspend within Employee Costs relates to the turnover of staff with recruitment being considered in line with service requirements.

**2 Supplies and Services**

The overspend within Supplies and Services relates to increased costs of computer equipment purchase and maintenance.

**3 Administration Costs**

The overspend within Administration Costs reflects the Quarter 1 overspend on the Valuation Appeal Panel expenses.

**4 Central Support Costs**

The underspend within Central Support Costs relates to Office Accommodation Costs in relation to a review of rates.