

Report

Report to:	Lanarkshire Valuation Joint Board
Date of Meeting:	5 December 2022
Report by:	Treasurer to Lanarkshire Valuation Joint Board

Subject:	Revenue Budget Monitoring and Probable Outturn Position 2022/2023 - Lanarkshire Valuation Joint Board
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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 2023
- ◆ provide information on the actual expenditure measured against the revenue budget for the period 1 April 2022 to 4 November 2022

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 £0.061 million (section 4.1 and Appendix A), be noted;
- (2) that following the transfer to Reserves of £0.061 million, the Reserves balance at the end of March 2023 will be £1.540 million (section 4.5), be noted; and
- (3) that an underspend to date of £0.162 million on Lanarkshire Valuation Joint Board's revenue budget as at 4 November 2022 (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 2022/2023.

3.2. The report details the financial position for Lanarkshire Valuation Joint Board as at 4 November 2022 as well as detail on the annual probable outturn exercise carried out for financial year 2022/2023. These are detailed in section 4 shown in Appendix A.

4. 2022/2023 Probable Outturn and Revenue Monitoring

4.1. Appendix A shows the results of the probable outturn exercise. The financial forecast to 31 March 2023 is a Transfer to Reserves of £0.061 million. This is compared to a budgeted Transfer from Reserves of £0.060 million and means that the Board's Reserves will be in a better position than budgeted, by £0.121 million.

4.2. The improved position is mainly the result of the ongoing underspend in Employee Costs (£0.186m). This is partially offset by overspends in Supplies and Services (£0.039m), and Financing Charges (£0.024m). Explanations for these variances are detailed overleaf.

- **Employee Costs:** The underspend (£0.186m) mainly reflects the level of turnover experienced in staffing to date and vacant posts, for which recruitment is ongoing.

- **Supplies and Services:** The overspend (£0.039m) reflects additional work for systems development in relation to Barclay recommendations, which were delayed from 2021/2022, and increased costs of computer equipment maintenance.
- **Financing Charges:** The overspend (£0.024m) is in relation to higher than budgeted IT leasing costs to cover the costs of both office-based desk top computers and laptops to facilitate home working, reflecting business need.

4.3. The transfer of Valuation Appeal Panel activities to the Scottish Courts and Tribunal Service, which was due on 1 January 2023, has now been delayed until 1 April 2023, and therefore has no financial impact on the Board's budget or Probable Outturn for 2022/2023.

4.4. It should be noted that the probable outturn position is based on best information as at November 2022. 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 in the remainder of the year.

4.5. **Reserves:** As noted in section 4.1, in order to balance the budget in-year, there will be a transfer to Reserves of £0.061 million. At the end of 2021/2022, the Board carried forward £1.479 million into 2022/2023. Taking these together, means that a balance of £1.540 million will be carried into 2023/2024.

4.6. **Barclay Funding:** While the Board was allocated £0.698 million from the Scottish Government (through councils) for the current year (2022/2023), there is no agreement yet from the Scottish Government on funding for 2023/2024. 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.

4.7. 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 further information is known.

4.8. **Period 8 Monitoring Position:** As at 4 November 2022, the variance from phased budget to date is an underspend of £0.162 million. This is shown in Appendix A.

4.9. This is a continuation of the previously reported position and reflects the position as at period 8, which does not yet include the impact of the Pay Award Settlement for 2022/2023 which will be backdated to 1 April 2022. The full year impact of the 2022/2023 Pay Award is included in the Board's Probable Outturn position.

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

22 November 2022

Previous References

- ◆ Revenue Budget Monitoring 2020/2021 - Lanarkshire Valuation Joint Board – 27 June 2022
- ◆ Revenue Budget Monitoring 2020/2021 - Lanarkshire Valuation Joint Board – 5 September 2022

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 4 November 2022 (No.8)

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 04/11/22	Actual 04/11/22	Variance 04/11/22		% Variance 04/11/22	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	3,137	2,951	186	1,748	1,549	199	under	11.4%	1
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	159	198	(39)	94	115	(21)	over	(22.3%)	2
Transport & Plant	0	1	(1)	0	1	(1)	over	n/a	
Administration Costs	561	562	(1)	330	330	0	over	0.0%	
Payments to Other Bodies	31	31	0	27	28	(1)	-	(3.7%)	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	13	37	(24)	8	19	(11)	over	(137.5%)	3
Total Controllable Exp.	3,901	3,780	121	2,207	2,042	165	under	7.5%	
Total Controllable Inc.	(17)	(17)	0	(5)	(2)	(3)	under recovery	60.0%	
Net Controllable Exp.	3,884	3,763	121	2,202	2,040	162	under	7.4%	
Add Non Controllable Budgets									
Central Support Costs	381	381	0	0	0	0	-	n/a	
Total Budget	4,265	4,144	121	2,202	2,040	162	under	7.4%	
Funded By:									
North Lanarkshire Council	(2,102.5)	(2,102.5)	0	(1,227)	(1,227)	0	-	0.0%	
South Lanarkshire Council	(2,102.5)	(2,102.5)	0	(1,227)	(1,227)	0	-	0.0%	
Transfer (From) Reserves	(60)	61	(121)	0	0	0	-	n/a	
Net Budget	0	0	0	(252)	(414)	151	under	(64.3%)	

Variance Explanations

- Employee Costs:** The underspend reflects vacant posts for which the recruitment is ongoing.
- Supplies and Services:** The overspend reflects additional systems development for Barclay recommendations and higher than budgeted for costs of computer equipment maintenance.
- Financing Charges:** The overspend relates to higher than budgeted for IT leasing charges to cover the costs of both office-based desk top computers and laptops to facilitate home working, reflecting business need.