

# HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

28 January 2015

Agenda Item	5
Report No	VAL 2/15

## Proposed Budget 2015/16

### Report by the Assessor and Electoral Registration Officer

#### Summary

This report sets out for approval a proposed revenue budget for financial year 2015/16.

#### 1. Introduction

Once again, this budget proposal is made against the background of continued pressure on local authority expenditure at a time when there is a continued increased work load in respect of Electoral Registration due to the transition to a system of individual electoral registration which was introduced in the autumn of last year.

The non-domestic rating revaluation is scheduled for April 2017 and work in relation to this task will intensify from the beginning of the financial year. This report seeks to outline the various pressures placed on the Assessor in the exercise of each of his statutory duties and then considers how these may be accommodated under each of the budget heads.

There is a continued increase in funding required as a consequence of Individual Electoral Registration (IER) and the additional marginal costs as a consequence of the new regime have been included as part of the budget. The Cabinet Office are committed to providing additional funding to cover such expenditure although the actual allocation is not known at this time.

The bulk of the additional IER expenditure in the current year is only now being incurred which increases the element of uncertainty in the projected outturn and consequent projections for 2015-16.

#### 2. Valuation for Rating

The Assessor's duty is to compile and maintain a Valuation Roll and to carry out revaluations as determined by statute. The process is generally cyclical over a five year period and broadly involves preparing for and carrying out a revaluation followed by dealing with the consequential appeals. While most of the appeals from the 2010 revaluation have now been dealt with, there remain a number of cases that are scheduled to be listed for hearing by the Lands Tribunal or onward appeal to the Lands Valuation Appeal Court. The very nature of these appeals tends to be more complex and give rise to greater legal costs.

The revaluation that was scheduled to take place in 2015 has been postponed until 2017. While this has provided some relief from the revaluation process, and a potential for a cost saving in the year 2014-15, it is envisaged that full valuation resources shall be required during the 2015-16 financial year.

### **3. Council Tax**

The level of activity associated with council tax continues to be fairly stable and continues in maintenance mode. The volume of new entries remains below its peak, although there is likely to be an increase in volume in the forthcoming year. While the future of the tax remains in doubt, the matter shall not be decided until after the 2016 Scottish Parliamentary elections. It therefore remains unlikely that any replacement regime could be legislated for in the next financial year.

### **4. Electoral Registration**

The main focus for electoral registration in the 2015-16 financial year shall be the continued implementation of individual electoral registration (IER). This represents an enormous work load for the department during this process of implementing the changes and also results in very significant additional cost.

The legislation is prescriptive with regard to a specific level of communication both with households and individual electors and there is no option other than to comply with these requirements. This will result in a continued requirement for increased postal costs as there are requirements to carry out an increased level of canvass activity. Once again, this is prescriptive and shall require doorstep canvassing of an increased number of specified properties targeted at individual elector level.

There may also be an addition to the computer costs to accommodate the new regime.

The principal election activity during the forthcoming year shall be the UK Parliamentary Election in May. In addition, there is always the prospect of by-elections which shall occur as required by events.

### **5. Commentary on the Proposed Budget**

Against the background provided the following comments are made against each budget head as follows.

#### Staffing

The 2014-15 expected outturn under this budget head shows a predicted underspend due largely to time lags in filling posts and the temporary recruitment of staff at a lower grade as a consequence of the deferral of the 2015 Revaluation. The proposed budget for next year incorporates a general pay increase of 1% with adjustments having been made to reflect increments where these apply and any adjustments to national insurance and superannuation columns as advised by the Treasurer. In the current climate it is recognised that there is a requirement to

continue to keep staff numbers to the absolute minimum required. The provision made is barely sufficient to address the considerable workload ahead. Provision has been made under the IER head for the employment costs associated with the recruitment of additional electoral canvassers.

#### Valuation Appeal Committee Costs

The level of appeal activity in the current year has settled to a level which might be considered to be more normal and as a consequence the projected outturn for 2014-15 is likely to be on budget.

It is projected that there shall be a slight decline in the number of appeals in the forthcoming year and consequently this budget head has been reduced slightly. In previous years VAC travel and subsistence were included in the overall costs and these have been shown separately at the request of Internal Audit.

#### Property Costs

The anticipated property costs have been increased either in line with inflationary pressures or according to contractual commitments where these apply. The proposed budget also includes an element for rent reviews pending, and provision for payment of rent for offices in Wick.

#### Administrative Costs

This budget head continues to be at a higher level than in previous years as a consequence of the continued transition towards IER. The costs involved are associated primarily with increased postage charges as a consequence of a requirement to serve additional statutory notices on individuals. Other costs relate to staffing and the requirement to promote registration. Once again the provision that has been made represents the best estimate that is currently possible and shall continue to be honed as more information becomes available. It should be noted that the provision is only marginally more than 2013-14 before taking into account the additional needs of IER.

The budget for legal expenses has been set at £20,000 reflecting the fact that the vast majority of appeals have been disposed of, however, there remain outstanding appeals sitting with the Lands Tribunal or the Lands Valuation Appeal Court and these tend to be more complex in nature. It therefore follows that if it is not possible to reach a settlement, the cost of defending them is liable to be significant and the proposed budget may be stretched.

#### Transport Costs

The element for hire of vehicles has been increased slightly although not to the extent of the budget outturn.

#### Apportioned Costs

No allowance for inflation has been made for this budget heading.

## Supplies and Services

Provision under this budget head has been reduced slightly, in recognition of a slight projected underspend in the current year. This assumes that there will be no significant increase in Fujitsu costs and that the inflationary increase in Corona (Valuation Systems) costs can be accommodated by minor savings within the budget head. Provision has been made under the IER head to allow for uncertainty regarding the completeness of the enhanced facilities within Idox Strand in relation to individual electoral registration.

## Income

The modest income is received principally from the sale of electoral registers and the charges are fixed by statute. Continuing low interest rates will result in little change in income from balances.

The income shown under IER represents the funding that is anticipated by the Cabinet Office.

There is a shortfall of £0.189m in funding required for IER which has been shown as a separate income line although this income has not been confirmed. If the Cabinet Office funding falls short of this then the gap may need to be met from within existing budget heads, otherwise the matter will be referred back to the Board for further consideration.

## Requisition

Should the proposed budget be agreed the requisition on the constituent authorities will be as follows:

	2015/165 £000	2014/15 £000	Change £000
Highland Council	2,381	2,380	1
Comhairle nan Eilean Siar	280	281	(1)
Total	<u>2,661</u>	<u>2,661</u>	-

## **6. Summary**

The general position excluding additional individual electoral registration costs is one that is again broadly flat in cash terms. Increases have been included where they are unavoidable due to inflation or contractual obligations. The Valuation Appeal Panel costs are projected as remaining constant in the forthcoming year. It must be recognised however that the Assessor has very little control over this particular budget head.

A balanced budget has been achieved that involves an assumption that the continued higher level of expenditure required for IER shall be funded by the Cabinet Office and a balancing figure has been included to the extent of the required funding. Any shortfall will require to be met from within existing budget heads or will be referred back to the Board for further consideration.

**7. Recommendation**

The Board is invited to approve the budget for 2015-16.

Designation: Assessor and ERO

Date: 19 January 2015

Author: Bill Gillies

## Item 5 Appx - Draft Budget 2015-16

<b>STAFF COSTS</b>	<b>CURRENT BUDGET 2014/15</b>	<b>REFERENDUM &amp; IER</b>	<b>ESTIMATED OUTTURN 2014/15</b>	<b>PROPOSED BUDGET 2015/16</b>
AA1000 Chief Officials	£ 209,248	£ -	£ 110,490	£ 90,127
AA1001 APT & C	£ 1,154,164	£ 50,000	£ 1,129,617	£ 1,262,475
AK1503 Comp Loss Office	£ 15,000	£ -	£ 14,200	£ 15,000
AB1000 Nat Insurance	£ 98,010	£ 1,200	£ 96,465	£ 95,917
AC1000 Superannuation	£ 245,414	£ 5,200	£ 223,147	£ 250,231
AA1500 Overtime	£ 20,000	£ 20,000	£ 75,000	£ 40,000
DG4000 Subsistence	£ 6,500	£ 2,000	£ 8,500	£ 6,500
CF1004 Travel (Non Tax)	£ 60,000	£ 20,000	£ 65,000	£ 60,000
CC3000 Car Leasing Costs	£ 2,700	£ -	£ 2,300	£ 2,700
AA1505 Remote Islands	£ 10,800	£ 500	£ 11,400	£ 11,500
AF1001 Removal Expenses etc	£ 6,500	£ -	£ 4,000	£ 5,000
DC1000 Protective Clothing	£ 400	£ 100	£ 500	£ 400
AG1000 Interview Expenses	£ 100	£ 100	£ 200	£ 100
AH1000 Training	£ 16,000	£ 4,000	£ 22,000	£ 26,000
AE1600 Miscellaneous	£ 1,200	£ 300	£ 2,500	£ 1,200
AE1006 Medical Exams (Staff)	£ 100	£ -	£ 100	£ 100
AA1503 Responsibility Pay	£ 9,000	£ -	£ 9,000	£ 9,000
AJ1000 Advertising - staff	£ 2,000	£ -	£ 5,000	£ 2,000
Staff Turnover Saving	-£57,009			
<b>TOTAL</b>	<b>£ 1,800,127</b>	<b>£ 103,400</b>	<b>£ 1,779,420</b>	<b>£ 1,878,250</b>

<b>CANVASSER COSTS</b>	<b>CURRENT BUDGET 2014/15</b>	<b>REFERENDUM &amp; IER</b>	<b>ESTIMATED OUTTURN 2014/15</b>	<b>PROPOSED BUDGET 2015/16</b>
AA1001 APT & C	£ -	£ -	£ 20,000	£ 20,000
CF1004 Travel (Non Tax)	£ -	£ -	£ 10,000	£ 10,000
<b>TOTAL</b>			<b>£ 30,000</b>	<b>£ 30,000</b>

**Draft Budget 2015/16**

<b>VAC/VJB COSTS</b>	<b>CURRENT BUDGET 2014/15</b>	<b>ESTIMATED OUTTURN 2014/15</b>	<b>PROPOSED BUDGET 2015/16</b>
EF1003 VAC	£ 65,000	£ 65,000	£ 35,000
CF1004 TRAVEL	-	-	£ 10,000
DG4000 SUBSISTENCE	-	-	£ 10,000
<b>TOTAL</b>	<b>£ 65,000</b>	<b>£ 65,000</b>	<b>£ 55,000</b>



Draft Budget 2015/16

PROPERTY COSTS	CURRENT BUDGET 2014/15	REFERENDUM & IER	ESTIMATED OUTTURN 2014/15	PROPOSED BUDGET 2015/16
BH2000 Cleaning Materials. Etc.	£ 1,600	£ -	£ 1,400	£ 1,600
BB2000 Electricity	£ 15,000	£ -	£ 15,000	£ 17,000
BH1000 Bin collection	£ 1,200	£ -	£ 1,200	£ 1,200
DA5010 Office furniture	£ 1,000	£ 2,500	£ 2,000	£ 1,000
BK1000 Property insurance	£ 1,700	£ -	£ 1,500	£ 1,700
BD1000 Rates	£ 55,930	£ -	£ 55,453	£ 57,050
BE1000 Water charges	£ 5,600	£ -	£ 4,600	£ 5,600
BC1001 Rent	£ 143,000	£ -	£ 140,000	£ 156,000
BA4000 Repairs - general	£ 2,000	£ -	£ 12,000	£ 4,000
BH1001 Contract cleaning	£ 23,000	£ -	£ 21,500	£ 23,000
BB3000 Gas	£ 4,000	£ -	£ 3,500	£ 4,000
<b>TOTAL</b>	<b>£ 254,030</b>	<b>£ 2,500</b>	<b>£ 258,153</b>	<b>£ 272,150</b>

Draft Budget 2015/16

ADMIN COSTS	CURRENT BUDGET 2014/15	REFERENDUM & IER	ESTIMATED OUTTURN 2014/15	PROPOSED 2015/16 BUDGET
DK1000 Advertising Gen	£ 5,000	£ 5,000	£ 15,000	£ 5,000
DG3000 Insurance - Admin	£ 7,000	£ 1,000	£ 7,139	£ 7,250
DE5011 Legal Expenses	£ 20,000	£ -	£ 20,000	£ 20,000
DD3001 Photocopying - Copies	£ 4,000	£ -	£ 4,200	£ 4,000
DF7000 Postages	£ 150,000	£ 70,000	£ 220,000	£ 200,000
DD1000 Printing	£ 4,500	£ 1,000	£ 8,000	£ 6,000
DD2000 Stationery	£ 6,000	£ 1,000	£ 7,000	£ 6,000
DF9000 Telephones	£ 7,000	£ 1,000	£ 8,000	£ 8,000
DK9600 Misc. Admin.	£ 500	£ -	£ 500	£ 500
DF9010 Mobile Phones	£ 200	£ -	£ 200	£ 200
<b>TOTAL</b>	<b>£ 204,200</b>	<b>£ 79,000</b>	<b>£ 290,039</b>	<b>£ 256,950</b>

Draft Budget 2015/16

TRANSPORT COSTS	CURRENT BUDGET 2013/14	REFERENDUM & IER	ESTIMATED OUTTURN 2014/15	PROPOSED 2015/16 BUDGET
CC2010 Hire of vehicles	£ 3,500	£ -	£ 5,500	£ 4,000
CC2020 Carriage	£ 250	£ -	£ 800	£ 250
TOTAL	£ 3,750	£ -	£ 6,300	£ 4,250

**Draft Budget 2015/16**

APPTD COSTS	CURRENT BUDGET 2014/15	ESTIMATED OUTTURN 2014/15	PROPOSED BUDGET 2014/15	
Law & Admin } GA1000 Finance }	£ 60,000	£ 60,000	£ 60,000	
Personnel } Prop. & Archt. }				
KE3200 PAT TESTING	£ 1,500	£ 1,000	£ 1,500	
<b>TOTAL</b>	<b>£ 61,500</b>	<b>£ 61,000</b>	<b>£ 61,500</b>	

**Draft Budget 2015/16**

<b>SUPPLIES/SERVICES</b>	<b>CURRENT BUDGET 2014/15</b>	<b>IER &amp; REFERENDUM</b>	<b>ESTIMATED OUTTURN 2014/15</b>	<b>PROPOSED 2015/16 BUDGET</b>
Computer Costs	£ 265,000	£ 15,000	£ 300,000	£ 260,000
DA4013 Maps	£ 100	£ -	£ -	£ 50
DA4014 Medical supplies	£ 100	£ -	£ 30	£ 50
DA1450 Office equipment	£ 2,000	£ 500	£ 3,000	£ 2,000
DE5010 Audit fees	£ 9,000	£ -	£ 8,500	£ 8,500
DA4027 Photo equipment	£ 200	£ -	£ -	£ 200
DK9500 Misc. supplies	£ 1,500	£ -	£ 1,500	£ 1,500
DD3003 Managed Print Costs	£ -	£ -	£ 25,000	£ 20,000
<b>TOTAL</b>	<b>£ 277,900</b>	<b>£ 15,500</b>	<b>£ 338,030</b>	<b>£ 292,300</b>
<b>TOTAL EXPENDITURE</b>	<b>£ 2,666,507</b>	<b>£ 200,400</b>	<b>£ 2,818,442</b>	<b>£ 2,850,400</b>

**Draft Budget 2015/16**

<b>INCOME</b>	<b>CURRENT BUDGET 2014/15</b>	<b>REFERENDUM &amp; IER</b>	<b>ESTIMATED OUTTURN 2014/15</b>	<b>PROPOSED BUDGET 2015/16</b>
KC6700 Register of Electors	-£ 4,000	£ -	-£ 4,000	-£ 4,000
KC6701 Valuation Roll/CT List	-£ 400	£ -	-£ 400	-£ 400
KF5000 Interest on Rev.	-£ 750	£ -	-£ 750	-£ 750
KC9500 Misc Income	-£ 100	£ -	-£ 100	-£ 100
KA2000 Government Grants	£ -	-£ 200,400	-£ 202,000	-£ 189,143
<b>TOTAL INCOME</b>	<b>-£ 5,250</b>	<b>-£ 200,400</b>	<b>-£ 207,250</b>	<b>-£ 194,393</b>
<b>TOTAL EXPENDITURE FROM PREVIOUS PAGE</b>	<b>£ 2,666,507</b>	<b>£ 200,400</b>	<b>£ 2,818,442</b>	<b>£ 2,850,400</b>
<b>TOTAL BUDGET</b>	<b>£ 2,661,257</b>	<b>£ -</b>	<b>£ 2,611,192</b>	<b>£ 2,661,257</b>
<b>Funding:</b>				
Constituent Authorities Requisitions				£ 2,661,257
IER Funding Requirement				£ 189,143
				<b>£ 2,850,400</b>