

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

2 February 2017

Agenda Item	6
Report No	VAL/2/17

Proposed Budget 2017/18

Report by the Assessor and Electoral Registration Officer

Summary

This report sets out for approval a proposed revenue budget for financial year 2017/18.

1. Introduction

This budget proposal is made against a continued background of very significant pressures on local authority expenditure in general and at a time when there is a continuing and considerable additional work load in respect of Individual Electoral Registration (IER). There is also a return to the five yearly cycle of non-domestic valuation which will impinge on the ability for technical staff to assist. The Assessor & ERO fulfils a fundamental role both in the process of the provision of revenue to the constituent councils through council tax and non-domestic rates, and in the democratic process through his duty to compile and maintain the Electoral Register.

This report seeks to outline the various pressures placed on the Assessor & ERO in the exercise of each of his statutory duties and considers the projected associated costs under each of the main budget heads.

The budget allocation has remained generally flat since 2008, resulting in a reduction in real terms, taking inflation into account, between 2008 and 2016. While the 2016-17 budget allocation saw an increase in budget in real terms based on the previous year, the overall budget has remained flat in real terms since 2004, despite the additional demands placed on the service. The postponement of the 2015 Revaluation provided an opportunity to partly resource IER by a reallocation of staffing duties from valuation sections at times of extreme pressure. The opportunities to assist in this manner reduced as the technical valuation work for the 2017 Revaluation got underway and this continued to be the position throughout 2016.

There continues to be an increased level of resource required for Individual Electoral Registration (IER). The Cabinet Office has indicated an intention to continue to provide additional funding to assist with such expenditure, although the actual allocation is not certain at this time.

The final operational costs of IER in 2016/17 are not yet known and there are therefore risks associated with determining the budgetary requirement for the forthcoming year. The proposed budget represents a best estimate of a reasonable

provision to allow the Assessor & ERO to carry out his statutory functions. The estimate is based on professional experience and the projected outturns from the current year and an assumed level of grant funding. It does not allow for significant contingencies or the costs that may be associated with any transformational change. There is a risk that this restricted level of overall funding shall continue to impact on key performance indicators and the situation shall require to be monitored to assess and mitigate the pressures that it may place on staff.

2. Valuation for Rating

It is the Assessor's duty 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 a period dealing with the consequential appeals. While most of the appeals from the 2010 revaluation have now been dealt with, there remain a small number of cases that are scheduled to be listed for hearing by the Lands Tribunal and possible 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 2017 revaluation has largely been completed in accordance with the Valuation Acts and associated orders. The work has involved a revaluation of around 20,000 subjects together with complying with the Assessors statutory duties as the designated Assessor for Railway Undertakings in Scotland. The process of Revaluation is particularly onerous in the current economic climate given the uncertain market conditions. In addition, the reintroduction of shootings into the valuation roll creates a significant additional burden. The work in connection with shootings is continuing and it is not clear at this stage how many new entries shall be required. The full extent of this additional burden shall only be known once the identification and valuation task is completed.

The next stage in the process shall involve responding to appeals. The full extent of this workload shall not be known until the period for lodging appeals against the 2010 revaluation closes in September.

3. Council Tax

The level of activity associated with council tax remains fairly stable and the regime continues in maintenance mode. The volume of new entries remains below its peak, although there has been a slow increase in volume over previous years. It is anticipated that there shall be a reaction from council tax payers when the liability for band E, F, G and properties increases as a consequence of recent changes to legislation. If the overall liability is also increased following the removal of the council tax freeze this will no doubt create further additional enquiry and complaint.

4. Electoral Registration

The new system of individual electoral registration is significantly more complex and continues to have a large additional resourcing requirement. The ability to meet this

workload in part by transferring resource from valuation staff is now compromised by the resourcing requirement for non-domestic rating valuation which has increased now that we have resumed the traditional five yearly cycles of revaluation and appeal disposal, following the two year postponement imposed by government.

The legislation regarding individual electoral registration 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. This will result in a continued requirement for increased postal and printing costs as there is a specific duty to carry out an increased level of canvass activity. Once again, this is prescriptive and requires doorstep canvassing of an increased number of specified properties targeted at individual elector level. The government is investigating ways of reducing these burdens and providing opportunities for reducing costs, but the process is limited at this stage. We have had some success with encouraging online completion of canvass documentation and this, together with the initiatives mentioned above, may offer some opportunity to bring about efficiencies in the medium term.

The principal election activity during the forthcoming year shall be the Local Government Elections 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 above, the following comments are made against each budget head as follows.

Staffing

The 2016-17 expected outturn under this budget head shows a predicted underspend. This was largely achieved by delaying appointments to vacant posts where possible, in an effort to make savings. 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. The increase is based on the establishment level of staffing. The provision for overtime has been reduced as a consequence of the projected outturn, however it is recognised that the projection may be on the optimistic side given the level of remaining work required for the reintroduction of shooting rights into the valuation roll, although this should not be mirrored in the year 2017-18. Provision has been increased under the IER head for the employment costs associated with the deployment of additional electoral canvassers. The provision made under this head may still fall short of the requirement, but it is hoped that further uptake in electronic returns may mitigate against this.

Valuation Appeal Committee Costs

The level of appeal activity in the current year has resulted in a projected overspend under this head. The level of expenditure for the forthcoming year has been maintained at the current level and has been determined by applying an inflationary increase to the 2010-11 level of expenditure, being the last year of a revaluation. However, the Chair of the Highland & Western Isles Panel and his secretary have certain national responsibilities and this, together with appeals associated with the Finance Departments of the constituent Councils, may result in some additional expenditure and this has been allowed for.

It should be recognised however, that the Assessor has no control over this particular budget head.

Property Costs

The anticipated property costs have been altered either in line with inflationary pressures or according to contractual commitments where these apply. The overall budget has reduced due to the 2016-17 outturn for rent and an anticipated reduction in rating liability in the forthcoming year.

Administrative Costs

This budget head continues to be at a higher level than in previous years as a consequence of the implementation of IER. The costs involved are associated primarily with postage charges as a consequence of the requirement to serve additional statutory notices on individuals. There has been a reduction in postages in the current year due to improved returns and this has resulted in an overall reduction under this budget head. Other costs relating to staffing and the requirement to promote registration have been held broadly flat.

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 with the potential for onward appeal to the Lands Valuation Appeal Court. These appeals 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. It is also anticipated that the first 2017 revaluation appeals shall be addressed during the forthcoming financial year and the level of appeal is unknown at this time.

Transport Costs

The element for hire of vehicles has been maintained.

Apportioned Costs

No allowance for inflation has been made for this budget heading and the budget has been maintained.

Supplies and Services

Provision under this budget head has been reduced slightly from the projected outturn. This assumes that inflationary increase in Corona (Valuation Systems) costs can be accommodated by savings elsewhere in the budget head.

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 risk associated with the assumed level of funding as the final funding is not yet known.

Requisition

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

	2017/18 £000	2016/17 £000	Change £000
Highland Council	2555	2556	(1)
Comhairle nan Eilean Siar	305	305	-
Total	<u>2860</u>	<u>2,861</u>	<u>(1)</u>

6. Summary

The general position for non-staffing costs, excluding additional individual electoral registration costs, is again broadly flat in cash terms. Increases have been included where they are unavoidable due to inflation or contractual obligations. Staffing costs indicate an increase, in part due to provision for a 1% pay award and increases in national insurance and pension contributions and partly due to budgeting at establishment level. The resultant overall expenditure and proposed requisition from the constituent authorities is broadly flat in cash terms, and represents a cut in real terms, and is arrived at by savings achieved elsewhere.

A balanced budget has been achieved that involves an assumption that a proportion of 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 anticipated funding.

Overall, the proposed budget makes reasonable provision for the Assessor & ERO in the forthcoming year. 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 2017-18.

Designation: Assessor and ERO

Date: 26 January 2017

Author: William Gillies

STAFF COSTS	CURRENT BUDGET 2016/17	ESTIMATED OUTTURN 2016/17	PROPOSED BUDGET 2017/18
AA-1000 Chief Officials - Basic Pay	£ 92,541	£ 92,737	£ 92,394
AA-1001 APT&C - Basic Pay	£ 1,274,004	£ 1,216,119	£ 1,346,550
AK-1503 Compensation Loss of Office	£ 15,000	£ 13,000	£ 13,000
AB-1000 NI - Non Teachers	£ 139,443	£ 132,344	£ 137,736
AC-1000 Superann - Non Teachers	£ 261,514	£ 246,721	£ 280,594
AA-1500 Overtime - General	£ 70,000	£ 50,000	£ 50,000
DG-4000 Subsistence	£ 6,500	£ 7,000	£ 6,500
CF-1004 Travel Mileage (Non Taxable)	£ 59,656	£ 50,000	£ 50,000
CC-3000 Car Leasing	£ 2,700	£ -	£ -
AA-1505 Remote Island Allowance	£ 11,500	£ 12,250	£ 12,000
AF-1001 Removal Expenses	£ 5,000	£ -	£ 5,000
DC-1000 Protective Clothing	£ 400	£ 400	£ 400
AG-1000 Interview Expenses	£ 100	£ 100	£ 100
AH-1000 Training Courses	£ 26,000	£ 26,000	£ 26,000
AE-1600 Miscellaneous	£ 200	£ 1,000	£ 650
AE-1006 Medical Exams (Staff)	£ 500	£ 1,200	£ 600
AE-1004 Dental/Optical Costs	£ 600	£ 600	£ 600
AJ-1000 Recruitment Costs/Staff Advert	£ 1,000	£ 1,000	£ 1,000
TOTAL	£ 1,966,658	£ 1,850,471	£ 2,023,124

CANVASSER COSTS	CURRENT BUDGET 2016/17	ESTIMATED OUTTURN 2016/17	PROPOSED BUDGET 2017/18
AA1-001 APT&C - Basic Pay	£ 40,000	£ 50,000	£ 50,000
CF-1004 Travel Mileage (Non Taxable)	£ 20,000	£ 22,000	£ 22,000
TOTAL	£ 60,000	£ 72,000	£ 72,000

VALUATION APPEAL COMMITTEE	CURRENT BUDGET 2016/17	ESTIMATED OUTTURN 2016/17	PROPOSED BUDGET 2017/18
EF-1003 Voluntary Assocs/Other Bodies	£ 47,000	£ 62,000	£ 45,000
CF-1004 Travel Mileage - Non Taxable	£ 3,000	£ 1,500	£ 3,000
DG-4000 Subsistence	£ 5,000	£ 4,000	£ 5,000
TOTAL	£ 55,000	£ 67,500	£ 53,000

VALUATION JOINT BOARD MEMBERS EXPENSES	CURRENT BUDGET 2016/17	ESTIMATED OUTTURN 2016/17	PROPOSED BUDGET 2017/18
AA-1001 APT&C - Basic Pay	£ 10,000	£ 10,000	£ 10,000
TOTAL	£ 10,000	£ 10,000	£ 10,000

PROPERTY COSTS	CURRENT BUDGET 2016/17	ESTIMATED OUTTURN 2016/17	PROPOSED BUDGET 2017/18
BA-2004 Mechanical/Electric Compliance	£ 1,500	£ 1,500	£ 1,500
BH-2000 Cleaning Materials/Equipment	£ 1,600	£ 1,600	£ 1,600
BB-2000 Electricity Charges	£ 17,000	£ 17,000	£ 17,000
BH-1000 Refuse Collection Fees	£ 1,200	£ 1,200	£ 1,200
DA-5010 Office Furniture	£ 1,000	£ 500	£ 1,000
BK-1000 Property Insurance	£ 1,700	£ 2,365	£ 2,400
BD-1000 Rates	£ 57,612	£ 57,283	£ 52,724
BE-1000 Water Charges	£ 5,600	£ 5,600	£ 5,600
BC-1001 Rent	£ 156,000	£ 144,956	£ 147,705
BA-4000 Repairs & Maintenance	£ 4,000	£ 2,500	£ 4,000
BH-1001 Contract Building Cleaning	£ 23,000	£ 23,000	£ 23,000
BB-3000 Gas Charges	£ 3,800	£ 3,800	£ 3,800
TOTAL	£ 274,012	£ 261,304	£ 261,529

ADMIN COSTS	CURRENT BUDGET 2016/17	ESTIMATED OUTTURN 2016/17	PROPOSED BUDGET 2017/18
DK-1000 Advertising General	£ 5,000	£ 5,000	£ 5,000
DG-3000 Employers Liability Insurance	£ 7,250	£ 7,273	£ 7,300
DE-5011 Legal Expenses	£ 15,000	£ 15,000	£ 20,000
DF-7000 Postages	£ 225,000	£ 180,000	£ 180,000
DD-1000 Printing	£ 10,000	£ 10,000	£ 10,000
DD-2000 Stationery	£ 6,000	£ 6,000	£ 6,000
DF-9000 Landline Telephones	£ 8,000	£ 12,500	£ 10,000
DK-9600 Miscellaneous Admin Costs	£ 500	£ 500	£ 500
DF-9010 Mobile Phones	£ 200	£ 400	£ 400
DF-9015 Mobile Phone Usage Costs	£ -	£ 200	£ 250
TOTAL	£ 276,950	£ 236,873	£ 239,450

TRANSPORT COSTS	CURRENT BUDGET 2016/17	ESTIMATED OUTTURN 2016/17	PROPOSED BUDGET 2017/18
CC-2010 Hire Vehicles Expenditure	£ 5,000	£ 5,500	£ 5,000
CC-2020 Carriage/Freight	£ 250	£ 300	£ 300
TOTAL	£ 5,250	£ 5,800	£ 5,300

APPORTIONED COSTS	CURRENT BUDGET 2016/17	ESTIMATED OUTTURN 2016/17	PROPOSED BUDGET 2017/18	
GA-1000 Law & Admin } Finance } Personnel } Prop. & Archt. }	£ 60,000	£ 60,000	£ 60,000	
TOTAL	£ 60,000	£ 60,000	£ 60,000	



SUPPLIES/SERVICES	CURRENT BUDGET 2016/17	ESTIMATED OUTTURN 2016/17	PROPOSED BUDGET 2017/18
ICT Charges (DK-3000, DF-2002, DF-4000, DF-4001)	£ 260,000	£ 260,000	£ 255,000
DA-4013 Maps and Models	£ 50	£ -	£ -
DA-4014 Medical supplies	£ 50	£ -	£ -
DA-1450 Office Equipment/Machinery Purchase	£ 2,000	£ 2,000	£ 2,000
DE-5010 Audit Fees	£ 8,500	£ 8,500	£ 8,500
DA-4027 Photo Equipment/Supplies	£ 200	£ 210	-
DK-9500 Miscellaneous Supplies	£ 1,500	£ 1,500	£ 1,500
DD-3003 Managed Print Costs - Mono	£ 26,000	£ 16,000	£ 14,000
DD-3004 Managed Print Costs - Colour	£ -	£ 10,000	£ 10,000
TOTAL	£ 298,300	£ 298,210	£ 291,000
TOTAL EXPENDITURE	£ 3,006,170	£ 2,862,159	£ 3,015,403



INCOME	CURRENT BUDGET 2016/17	ESTIMATED OUTTURN 2016/17	PROPOSED BUDGET 2017/18
KC-6700 Register of Electorate	(£4,000)	(£4,000)	(£4,000)
KC-6701 Valuation Rolls	(£400)	(£400)	(£400)
KF-5000 Interest on Revenue Balance	(£750)	(£750)	(£750)
KC-9500 Other Misc Income	(£100)	(£100)	(£100)
KA-2000 Government Grants	(£140,000)	(£181,580)	(£150,000)
TOTAL INCOME	(£145,250)	(£186,830)	(£155,250)
TOTAL EXPENDITURE FROM PREVIOUS PAGE	£3,006,170	£2,862,159	£ 3,015,403
TOTAL BUDGET	£2,860,920	£ 2,675,329	£ 2,860,153
Funding:			
Constituent Authorities Requisitions	£ 2,860,920		£ 2,860,153
Other Income	£ 5,250		£ 5,250
IER Funding Requirement	£ 140,000		£ 150,000
	£ 3,006,170		£ 3,015,403