

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

19 March 2021

Agenda Item	7
Report No	VAL/2/21

Proposed Budget 2021

Report by the Assessor and Electoral Registration Officer

Summary

This report sets out for approval a proposed revenue budget for financial years 2021/24.

Introduction

This report outlines a proposed budget for the financial years 2021/2024. The Assessor continues to recognise the financial pressures on local government at this time and aims to balance the pressures on the Board's funding bodies with the legal requirement for the Assessor and Electoral Registration Officer to carry out his duties in accordance with the law. In doing so it also recognises the limitations on spend that currently exist due to recruitment difficulties in particular areas. This report has the support of the Treasurer to the Board.

Outcomes

It is the duty of the Assessor to maintain the Valuation Roll, Council Tax List and Electoral Register. It is the responsibility of the Board to ensure that the Assessor is adequately resourced to carry out his duties in terms of the legislation.

The Electoral Registration Officer requires the necessary resources to compile and maintain a complete and accurate Electoral Register forming a basis for fair democratic elections.

If the Assessor is not provided with sufficient resources to carry out that duty there will be an impact on the quality, accuracy and completeness of the Valuation Roll and Council Tax List and this will have an impact on the fairness of the tax and the revenue collected will be reduced.

A very significant part of Local Government funding is derived from income from council tax and non-domestic rates. The tax cannot be levied if there is not an enabling entry in the council tax list or valuation roll. Buoyancy in the valuation roll is dependent on timeous updates to reflect changes in valuation. In recent years funding pressures have resulted in a reduction in time related performance. It is true that, in so far as council tax is concerned, delays do not result in a legal barrier to the collection of the tax and should not result in a loss of revenue. However, it is acknowledged that backdating of a liability makes it more difficult for Finance Officers to collect a debt and collection is liable to be more costly. The

position with non-domestic rates is even more critical as backdating is not possible beyond the beginning of the financial year.

Efficiency

It is acknowledged that funding of the Assessors functions must be reasonable and not excessive, and it is a responsibility of the Board to be satisfied that waste is avoided and that the operation is efficient. Comparison with other Valuation Joint Boards in this regard is not a straight forward matter but would not appear to place the Board in an unfavourable position.

Improvements in efficiency can be shown either by carrying out the same function for less, or by achieving more without corresponding increases in funding. The number of subjects in the Valuation Roll, Council Tax List and Electoral Register have all increased over the last ten years. In addition, the reasonable demands made by government, ratepayers and the public for the Assessor to be more transparent and accountable have in themselves a resource implication. Increased regulation and contraction of central services has also had the effect of increasing workloads in recent years.

The Assessor continues to seek to improve the efficiency of the organisation. This has included greater use of information technology to provide computer assisted valuation and analysis. Information provision and transparency has been enhanced through the Scottish Assessors Association Portal, resulting in a significant saving in staff time. Further development in both of these fields is ongoing and further developments are underway. The SAA portal also provides a degree of automation in relation to the logging and acknowledgement of valuation appeals and the return of rental information. Automation has also been developed in relation to the collection and logging of sales information from the Registers of Scotland. A move has been made away from paper records towards electronic files in respect of council tax and plans are now being put in place for a similar approach to non-domestic files. While this is feasible for new files, there remains the substantial issue of digitising existing paper records. While this is liable to require a one off set up cost, completion of the task holds the key to future office rationalisation that will release ongoing savings.

In recent years the IT infrastructure has limited the scope for future development and has placed a significant drag on the capacity for further innovation. The desktop equipment was upgraded last financial year and this has had a positive effect on the ability for staff to carry out their duties. Indeed it is difficult to see how the current homeworking arrangements could have been put in place with the old equipment still in place.

The supplier of our electoral management system intimated at the end of 2019 that they would cease to support the system during the year 2020. Following a review of alternative products that were available a new supplier was identified. Data migration took place during the Covid-19 lockdown period.

While software costs have necessarily increased it is anticipated that efficiencies will be made as a consequence of operating a more modern product with greater capabilities. Executing the migration during lockdown was challenging and made staff training difficult. Further change is taking place as a move is made to a cloud or hosted environment. While this will have additional costs, these will be covered in the financial year 2020/21 by a grant

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from Scottish Government relating to the impact of lockdown on the Scottish Parliamentary Election. There will also be further ongoing compensatory operational and systems management efficiencies that should serve to offset additional costs.

The Government's introduction of canvass reform has the effect of reducing the costs associated with the annual canvass. This is unlikely to produce a saving for the constituent councils as any saving is largely offset by a reduction in the direct grant to the Board that is currently made by the Cabinet Office to address the increased costs associated with individual electoral registration.

The report to the Board last year gave some detail on a number of efficiency measures that were being introduced. This work has continued, although the Covid-19 lockdown has impacted on some of these.

- The Assessor's valuation system rewrite is now nearing completion. The system incorporates the ability to interface with planning and building control and has improved processes in relation to sales information. The rewrite also includes an ability to email directly from the valuation system and record communication at subject level.
- A facility to incorporate more valuations within the system continues to be rolled out across additional subject classes and this will allow for more automated valuation of these subjects.
- As more valuations are incorporated within the valuation systems then this provides scope to increase the number of summary valuations that are available at the Assessors Portal, which has the effect of facilitating increased transparency and reducing information requests from ratepayers and their agents.
- A more targeted, risk based approach was increasingly being taken to survey. This has however been overtaken by Covid restrictions which have had an even greater effect. Survey activity will therefore increase once the pandemic measures are relaxed.
- The new electoral software has now been introduced which has the capability to use automated email as allowed by legislation. Hand held devices for electoral canvass are now being adopted.
- Electronic mailing has now been rolled out across the organisation that allows general mail to be posted by electronic means at preferential postage rates. This approach is also being taken to bulk mailing direct from valuation and electoral systems.
- Wherever possible economies of scale are sought by utilising Highland Council service contracts, but these are monitored, and alternative arrangements are put in place if they are found to be more favourable.

Barclay and Three Yearly Revaluations

The additional requirements made of Assessors by government as a consequence of the Barclay review of non-domestic rates have previously been reported to the Board. The Scottish Government has made additional funding to the local authorities to fund these requirements. The proposed budget incorporates this additional amount of funding provided by the Scottish Government.

Budget Proposal

The proposed budget represents no increase in funding net of the additional “Barclay Funding”. This therefore represents a cut in real terms as the increased staffing costs resulting from the pay settlement will be funded within the core amount.

This is being made possible by a number of measures including efficiency savings. Some savings have occurred as a consequence of the national lockdown and home working. Savings have been made through reduced travel and subsistence and reduced printing and copying. There have also been savings in the occupational costs of property. It is envisaged that some of these savings will continue post pandemic and these have been factored in to the proposal, although the full extent of the 2020/21 saving will not necessarily be transferable to future years.

The other necessary savings can be found due to the reality that the Board has been unable to recruit suitable professionally qualified staff.

There remains a need for more professional staff but it is accepted that there is little prospect of filling these posts in the current market at current salary levels. While less than ideal from an operational stance, it has been possible to identify cash savings as a consequence.

The proposed budget, given all of these circumstances, makes reasonable provision for the Assessor to carry out his statutory duties in the current year and taken together with additional funding from the Scottish Government it should allow preparation for three yearly revaluations and other Barclay reforms. There is a risk that the level of service will be reduced.

Recommendation

The Board is invited to approve the proposed budget.

Designation: Assessor and ERO

Date: 15 March 2021

Author: William Gillies

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Monitoring Category	Actual 19/20	Current Year Budget 20/21	Proposed Budget 21/22	Proposed Budget 22/23	Proposed Budget 23/24
Salaries including NI, superann and overtime	1,896,907	2,052,448	2,055,227	2,111,403	2,165,678
Travel and subsistence	53,553	71,500	69,875	59,875	59,875
Other staff costs	44,554	45,250	40,050	40,050	40,050
Heating, lighting and cleaning	45,484	47,455	47,779	45,401	45,613
Rent, rates and water	205,620	212,661	215,969	203,106	163,862
Other property costs	5,747	7,100	13,100	7,100	7,100
Printing, stationery and photocopying	23,220	26,500	19,875	19,875	19,875
Postages	179,936	130,000	119,318	115,000	115,000
Telephone and fax costs	9,095	11,600	11,325	11,536	11,536
Advertising	2,857	2,000	2,000	2,000	2,000
Legal expenses	41,367	30,000	30,000	30,000	30,000
Other administration costs	10,080	9,000	9,500	9,000	9,000
Central service support	62,069	60,000	60,000	60,000	60,000
Transport Costs	5,774	4,700	3,525	3,525	3,525
Computer charges	374,756	363,500	395,200	395,200	395,200
Board Expenses	7,562	10,377	7,877	7,877	7,877
Valuation Appeal Committee expenses	149,047	139,500	136,000	139,500	50,000
Income (Including grant income)	(117,832)	(35,250)	(20,250)	(5,250)	(5,250)
Pressures/Savings:			-	-	-
Office Rationalisation - Rent	-	(14,500)	(14,500)	(21,750)	-
Efficiencies - New ER System (Staffing)	-	(46,992)	-	-	-
Efficiencies - Vacancy Management	-	(101,389)	(104,870)	(108,122)	-
Transfer to reserves	15,765				
Grand Total	3,015,561	3,025,460	3,097,000	3,125,326	3,180,941
Requisitions (Exc Barclay Requirement):					
CnES (10.66%)	-	322,514	330,140	333,160	339,088
THC (89.34%)	-	2,702,946	2,766,860	2,792,166	2,841,853
Total	-	3,025,460	3,097,000	3,125,326	3,180,941
Requisition 20/21 (excl Barclay)	3,025,460	Total Incremental Movement	71,540	28,326	55,615

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Monitoring Category	Actual 19/20	Current Year Budget 20/21	Proposed Budget 21/22	Proposed Budget 22/23	Proposed Budget 23/24
<u>Barclay Requirement</u>					
Barclay Review of NDR - IT Development	-*	16,238	-	-	-
Barclay Review of NDR - Implementation	-*	298,762	348,000	348,000	-
Total Barclay funding	-*	315,000	348,000	348,000	-
<u>Barclay funding from Government</u>					
CnES	15,990	34,000	37,000	37,000	-
HC	134,010	281,000	311,000	311,000	-
Total Barclay funding	150,000	315,000	348,000	348,000	-
<u>Requisitions (Inc Barclay Requirement):</u>					
CnES	321,459	356,514	367,140	370,160	339,088
THC	2,694,102	2,983,946	3,077,860	3,103,166	2,841,853
Total	3,015,561	3,340,460	3,445,000	3,473,326	3,180,941

*19/20 Barclay expenditure included in totals on previous page.