

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

18 February 2025

Agenda Item	3
Report No	VAL/1/25

Proposed Budget 2025

Report by the Assessor and Electoral Registration Officer

Summary

This report sets out for approval a proposed revenue budget for financial years 2025/26 to 2027/28.

Introduction

This report outlines a proposed budget for the financial years 2025/26 to 2027/28. 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. The figures for 2026/27 and 2027/28 are indicative at this stage and will be reviewed when setting the budget in future years.

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.

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 may 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 recruitment difficulties 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. It should also be noted that delays in altering the Valuation Roll and Council Tax List may result in large, backdated bills for the taxpayer.

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Additionally, the Electoral Registration Officer requires the necessary resources to compile and maintain, in accordance with statute, a complete and accurate Electoral Register forming a basis for fair democratic elections.

Efficiency

It is acknowledged that funding of the Assessor's 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 straightforward 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 a corresponding increase in funding. The number of subjects in the Valuation Roll, Council Tax List and Electoral Register have all increased over the last ten years and continue to increase. The valuation roll has had a net increase in the number of non-domestic subjects in the order of 15% since the 2017 revaluation in the main due to the addition of shooting rights, the growth in the number of self-catering units (SCUs), and the return of public parks and associated subjects to the Valuation Roll. 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 government regulation and other pressures have resulted in additional workloads for the Board's central support section 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 (SAA) Portal, resulting in a significant saving in staff time. Further development in both of these fields is ongoing. The SAA Portal also provides a degree of automation in relation to the logging and acknowledgement of valuation proposals, the return of Assessor Information Notices, and the SCU audit. 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 for non-domestic files. While this is feasible for new files, there remains the substantial issue of digitising existing paper records. This work will continue in the forthcoming financial year. Provision has been made for a spend of £50,000 in 2025/26 to work towards this goal. The progress that this provides towards full digitalisation will be monitored and reported to the Board. There are several drivers for this work, including office rationalisation and better and more efficient home or hybrid working. There is also an increasing imperative to carry out this work to facilitate the file management that is necessary for compliance with The Data Protection Act 2018 and the Public Records (Scotland) Act 2011.

The cloud based electoral management software system has been implemented for the Service and provides facilities that have already produced a level of enhanced efficiency, however the programme of improvements required amendment following the calling of the UK Parliamentary General Election in the summer. This work will now run into 2025/26.

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 pressures brought about by the

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timing of the UK Parliamentary General Election and workloads from the Non-Domestic Rates (Scotland) Act 2020 have had some impact on progress.

- The Assessor's valuation system rewrite is complete with the integration of the Council Tax function with the non-domestic valuation functionality to provide a more efficient and streamlined product. The Assessor and the valuation software supplier along with other Assessor users, are presently taking steps to agree an end-of-life program for the legacy system. The system incorporates the ability to interface with planning and building control and has improved processes in relation to sales information. The system has the ability to provide a mail handling workflow which gives greater accountability and visibility of activity and 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 valuations of these subjects. The Board are part of a working group that is taking steps to increase the range of valuations at the SAA Portal. Subjects presently under consideration include supermarkets, retail warehouses and garden centres. This will add to the volume of valuations currently available which include shops, offices, workshops, SCUs and following the 2023 Revaluation a range of public buildings and contractors basis valuations.
- These valuations will increase further the number of summary valuations that will be available at the SAA Portal and will continue to lead to a substantial decrease in requests for valuations. This has the effect of facilitating increased transparency and reducing information requests from ratepayers and their agents. With the addition of these valuations, it will further limit the valuations that are not available to complex valuations and those for which the unit of comparison is turnover. Such subjects include hotels and licensed premises.
- The electoral management software has the capability to use automated email as allowed by legislation. Handheld devices for electoral canvassing have been purchased and deployed wherever necessary however, there continues to be some difficulty in recruiting electoral canvassers for some rural areas. The devices will result in canvass efficiency as they operate in real time.
- 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. There had been difficulties with the securing of the Occupational Health contract, but this is largely complete except for a data sharing agreement which requires completion. The process for fully integrating with advertising on Myjobscotland has been lengthy and is still not complete. This matter is being pursued.
- The lease on the Inverness office ends in May 2025. The Assessor sought early engagement with the landlord's agent and an extension to the lease has been agreed and it is anticipated that the documentation will be signed soon.

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- The Assessor has been, and is, taking steps to update policies on flexitime, travel and subsistence, and overtime with a view to making efficiencies and improving staff terms and conditions.
- Following an analysis of budget savings of £7,750 have been identified and are summarised in the table below.

		2024/25	2025/26	Variance
ALL offices	Travel Mileage - Non Taxable (excludes canvasser costs)	30,000	27,000	3,000
ALL offices	Subsistence	3,750	3,000	750.00
ALL offices	Training Courses	25,000	23,500	1,500
All offices	Protective Clothing	700	650	50
ALL offices	Cleaning Materials / Equipment	750	600	150
All offices	Printing	6,000	5,500	500
ALL offices	Hire-Vehicle Expenditure	2,500	1,500	1,000
ALL offices	MPS Costs - Mono	3,000	2,500	500
ALL offices	MPS Costs - Colour	1,500	1,250	250
ALL offices	Office Furniture	1,000	950	50
TOTAL		74,200	66,450	7,750

A number of savings have been identified but due to rising costs these are minimal. Changes in travel policy have resulted in mileage, subsistence and vehicle hire savings. However, there is an overall increase in costs due to an anticipated pay award and the increase in employer NI contributions.

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 available additional funding to the local authorities to fund these requirements. The proposed budget incorporates this additional amount of funding provided by the Scottish Government. The level of funding for 2025/26 has been increased from £371,000 to £425,000.

Budget Proposal

The proposed budget represents an increase in requisition funding, net of the additional "Barclay Funding" and a 9.7% increase overall. This results from a number of budgetary pressures.

- The 2023 Revaluation was the first revaluation carried out following the Non-Domestic Rates (Scotland) Act 2020. This reduced the period for a revaluation

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from five years to three years. This has brought about several challenges for the Board with new procedures, deadlines and regulations. 2025/26 will be the third-year post revaluation but also the first year prior to the 2026 revaluation. This year will have the preparation for the revaluation running concurrently with the disposal of the 2023 revaluation proposals.

- Outstanding proposals remain high but manageable as the final date for proposal decision notices approaches on 30 September. The work is programmed but challenging.
- The Assessor still has a substantial number of 2017 appeals at the Upper Tribunal for Scotland (UTS). The vast majority of those cases relate to hydroelectricity subjects. One of the cases has been called before the UTS and following case management hearings it is anticipated that a full hearing will take place in the second quarter of 2025. As the Assessor was the Practice Note author for hydroelectricity subjects a substantial part of his time will be taken up with this case. It is hoped that the resolution of this case will pave the way for the disposal of the remaining hydroelectricity cases at the UTS.
- Each year Assessors must conduct an audit of the self-catering units within their valuation area. Numbers vary greatly between each valuation authority. Glasgow, Renfrewshire and Lanarkshire between them make up less than 3% of those in Scotland. Highland and Western Isles, on the other hand have in excess of 30% of the total, with numbers exceeding 5,000. This is an onerous and time-consuming task. Since the introduction of the audit the Board has found completion a major draw on resource. The regulations were amended in 2024 to shorten the process by limiting the period for response to 56 days. Previously it was somewhat open-ended. This has led to its own problems, with low return rates and increased numbers of proposals against properties which have been returned to the Council Tax List. The audit also creates issues around billing for council tax, water and waste services.
- To date 2,887 properties have passed the SCU audit (2,596 The Highland Council, 291 Comhairle Nan Eilean Siar). 473 properties (356 The Highland Council, 117 Comhairle Nan Eilean Siar) have returned to the Valuation Roll for financial year 2023/24. A further 593 will be transferred shortly (550 The Highland Council, 43 Comhairle nan Eilean Siar). A further 450 (396 The Highland Council, 54 Comhairle nan Eilean Siar) are still under active investigation. It should be noted that a number have been designated by constituent authorities as self-catering units under powers given within an amendment to the Council Tax (Dwellings and Part Residential Subjects) (Scotland) Regulations 1992. Presently, 228 (158 The Highland Council, 70 Comhairle Nan Eilean Siar) transferred properties have been challenged and are presently being considered as proposals to be removed from the Council Tax List.
- The Board are not alone in finding the task to be burdensome. This view is shared by other Assessors whose numbers of SCUs are disproportionate to their overall Valuation Roll. To this end the Assessor has been at the forefront of a working group of Assessors who are quantifying the effect of the audit on resource. They

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will report to the Executive of the SAA for feedback to the Scottish Government (SG). It is the aim of the SAA to engage with the SG to bring about change.

- If left unchanged the audit will have an effect on the Board's ability to complete a revaluation to the best of its ability. In the meantime, the Assessor must take steps to minimise that risk. To this end, the Assessor has proposed a number of changes to staffing, and a draw on the reserves, which will reduce that risk. The Assessor is very much aware of the financial challenges that local authorities face and aims to make changes that are as cost effective as possible. Although the Assessor carries out this task to reflect the correct placement of a subject on the Council Tax Valuation List or the Valuation Roll, he is also mindful that the audit is of importance to both constituent authorities and the outcome can be to their financial benefit when a subject returns to the Council Tax List.
- The staff changes proposed can be summarised as follows. A new Divisional Valuer post will be created to lead on the SCU audit, and to report to the Assessor on processes that can change, efficiencies that can be made, and advise the working group of Assessors on the path forward. The change will require flexibility within existing teams, and costs will be limited to a redesignation of vacant posts to align with this work, and the addition of a fixed term clerical post from the reserves. The Assessor is also looking to cover additional postage from the reserves. A part-time valuer post and surveying technician post will become two full time surveying technician posts, and a vacant valuer post will become a trainee valuer post opening up a professional vacancy and continuing the Board's policy of creating high quality posts. It is anticipated both, the clerical post and the additional postage, funded from the reserves will only be for 25/26 prior to a change to the SCU audit process. The amount to be requested from reserves is £47,000
- The Elections Act 2022 has brought about significant changes for UK parliamentary elections. The Act introduced Voter ID, changes to overseas electors, absent vote divergence and proxy vote rule changes. New Burdens Funding from the Department of Levelling Up, Housing & Communities was made available in 24/25 to the Electoral Registration Officer. These changes brought about additional complexities for electoral processing staff in terms of time taken to process different postal and proxy application forms for UK and Scottish elections. There is also greater checking of previous electoral registers for Overseas electors which is time consuming. The work involves duplication with paper and online applications, and a need for improved knowledge for processors. Although funding has not been made available directly to EROs for 25/26, the UK government has earmarked funds for this purpose in the grant settlement, and as such the ERO has added an element, £60,000, for this within the requisition. These funds are to cover a member of staff for one year, a temporary member of staff, a write out to reserved postal voters by 31 January 2026, staff training and development, EMS development, and overtime.
- The Assessor continues to monitor the progress of the Inverness and Cromarty Firth Green Freeport. The Assessor will continue to assess the impact that it will have on service delivery as the project progresses. At this stage it does not present a significant risk to the Board.

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- Although recruitment issues have eased across the width of the service there will be retirements in 2025/26 which will require to be addressed. The Assessor will continue to engage with the HR Team at The Highland Council to look at innovation in filling vacant posts.
- A program of paper file digitisation is ongoing to facilitate office rationalisation, hybrid working and compliance with The Data Protection Act 2018 and the Public Records (Scotland) Act 2011. This has created space within the Inverness office allowing for the integration of staff who previously worked in the Dingwall office, as it has allowed provision of more desks. The estimated cost of this is £50,000 for 2025/26. Any underspend will be carried forward from previous financial years.

Reserves

The Board had a general fund reserve of £182,000 which is capped at 5% of the budget as at 31 March 2024, which is expected to be increased as at 1 April 2025. The Assessor is asking to draw from these reserves to support the SCU audit in 25/26. If these reserves were to be depleted, then further requisition may be requested from constituent authorities as the Valuation Joint Board is not in a position to generate additional income. There is further risk that the Assessor and Electoral Registration Officer may not be able to carry out his statutory duties if further funds were not available.

Conclusion

Given all of these circumstances, the proposed budget makes reasonable provision for the Assessor to carry out his statutory duties in 2025/26 and taken together with additional funding from the Scottish Government it should continue to allow the Assessor to meet the demands of the Non-Domestic Rates (Scotland) Act 2020. The requested increase in requisition will also allow the Electoral Registration Officer to carry out his statutory functions in relation to electoral registration and the increased workloads/complexity due to Election Act 2022 changes.

Recommendation

The Board is invited to approve the proposed budget.

Designation: Assessor and ERO

Date: 12 February 2025

Author: Frank W Finlayson

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		Actual	Current		Proposed	Proposed	Proposed
Monitoring Category		23/24	24/25		25/26	26/27	27/28
		£000	£000		£000	£000	£000
Salaries including NI, superann		1,917	2,304		2,542	2,965	3,041
Digitisation salaries incl. NI, superann, OT		45	37		40	0	0
Elections Act New Burdens salaries incl. NI, superann, OT		0	0		60	0	0
Overtime		103	10		10	10	8
Total Salaries including NI, superann and overtime		2,065	2,351		2,652	2,975	3,049
Travel and subsistence		47	49		45	45	45
Other staff costs		48	45		43	44	44
Total Staff Costs		2,160	2,445		2,740	3,064	3,139
Heating, lighting and cleaning		45	35		38	38	38
Rent, rates and water		184	156		142	142	169
Other property costs		11	6		33	33	6
Total Property Costs		240	197		213	213	213
Printing, stationery and photocopying		9	13		11	11	11
Postages		131	130		155	140	140
Telephone and fax costs		4	9		9	9	9
Advertising		4	3		2	2	2
Legal expenses		-11	20		20	20	20
Digitisation costs		0	25		10	0	0
Other administration costs		60	61		62	63	64
Central service support		56	60		60	60	60
Total Administrative Costs		253	321		330	306	307
Transport Costs		3	3		2	2	2
Computer charges		365	366		380	380	380
Board Expenses		6	10		10	10	10
Valuation Appeal Committee expenses		14	0		0	0	0
Total Members Expenses		20	10		10	10	10
Service Income		-20	-23		-4	-4	-4
Interest Income		-49					
Total Income		-69	-23		-4	-4	-4
Total Income & Expenditure		2,972	3,319		3,670	3,970	4,046
Pressures/Savings:							
Office Rationalisation - Rent							
Efficiencies - New ER System (Staffing)							
Efficiencies - Vacancy Management							
Transfer to/(from) Reserves *					-47		
Grand Total		2,972	3,319		3,623	3,970	4,046
Requisitions (Exc Barclay Requirement):							
CnES	10.66%	317	354		386	423	431
THC	89.34%	2,655	2,965		3,237	3,547	3,615
Total		2,972	3,319		3,623	3,970	4,046
		Total Incremental Movement	347		304	347	76
			11.7%		9.2%	8.7%	1.9%
Barclay Requirement							
Barclay Review of NDR - IT Development							
Barclay Review of NDR - Implementation		358	371		425		
Total Barclay funding		358	371		425	0	0
		Total Incremental Movement	13		54	-425	0
			3.6%		14.6%	-100.0%	0.0%
Barclay funding from Government							
CnES	10.66%	38	40		45		
HC	89.34%	320	331		380		
Total Barclay funding		358	371		425	0	0
New Burdens							
Requisitions (Inc Barclay Requirement):							
CnES		355	394		431	423	431
THC		2,975	3,296		3,617	3,547	3,615
Total		3,330	3,690		4,048	3,970	4,046
		Total Incremental Movement	360		358	-78	76
			10.8%		9.7%	-2.0%	1.9%
		Check					
Per final 2324 requisition	Barclay	355	0				
	Req	2,975	0				
		3,330	0				
Total check		0					
Anticipated opening reserves (Capped at 5% prior year Budget) 1 April 2025					185		
Anticipated use of reserves 25/26							
Anticipated closing reserves 31 March 2026					203		