



# Orkney and Shetland Valuation Joint Board



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## Item: 5

**Orkney and Shetland Valuation Joint Board: 10 March 2026.**

**Revenue Expenditure Monitoring.**

**Report by Treasurer to the Board.**

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## 1. Overview

- 1.1. On 27 March 2025, the Board set its overall revenue budget for financial year 2025/26, which forms the basis of the individual revenue expenditure monitoring reports.
- 1.2. The Board is wholly funded by its constituent authorities: Orkney Islands Council and Shetland Islands Council.
- 1.3. It is vital to the economic wellbeing of the constituent authorities that the Board manages its financial resources effectively and that expenditure and income are delivered in line with the budget, as any overspends will result in a further draw on the resources of the constituent authorities.
- 1.4. In terms of revenue spending, at an individual cost centre level, budget holders are required to provide an explanation of the causes of each material variance and to identify appropriate corrective actions to remedy the situation.
- 1.5. Material variances are identified automatically as Priority Actions within individual budget cost centres according to the following criteria:
  - Variance of £10,000 and more than 110% or less than 90% of anticipated position (1B).
  - Not more than 110% or less than 90% of anticipated position but variance greater than £50,000 (1C).
- 1.6. Priority Actions can be identified at the Service Function level according to the same criteria and these are shown in the Revenue Expenditure Statements. As with individual cost centre variances, each of these Priority Actions requires an explanation and corrective action to be identified and these are shown in the Budget Action Plan.
- 1.7. The details have been provided following consultation with the relevant Board staff.
- 1.8. The figures quoted within the Budget Action Plan by way of underspend (-) and overspend position will always relate to the position within the current month.

## 2. Recommendations

2.1. It is recommended that members of the Board:

- i. Note the revenue financial service area statement in respect of the Orkney and Shetland Valuation Joint Board, for the period 1 April to 31 December 2025, attached as Annex 1 to this report.
- ii. Scrutinise the explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 2 to this report, in order to obtain assurance that appropriate action is being taken with regard to significant budget variances.

### For Further Information please contact:

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### Implications of Report

- 1. Financial** In terms of Section 1.3 of the Board's Financial Regulations, the Assessor and other persons authorised by them will ensure that only expenditure within the legal powers of the Board is incurred. The Assessor will ensure that all spending is within capital and revenue estimates and conforms to proper accounting standards and will seek clarification of the proper classification, if required, from the Treasurer.
- 2. Corporate Governance** In terms of Section 4 of the Board's Financial Regulations, the Board is responsible for regulating and controlling the finances of the Board. The Treasurer will report to the Board on the level of resources available to the Board within a budget period as well as information as to its overall financial performance.
- 3. Human Resources** N/A.
- 4. Equalities** Equality Impact Assessment is not required for financial monitoring.
- 5. Island Communities Impact** Island Communities Impact Assessment is not required for financial monitoring.
- 6. Environmental and Climate Risk** N/A.
- 7. Risk** N/A.
- 8. Procurement** N/A.
- 9. Health and Safety** N/A.

### List of Background Papers

Orkney and Shetland Valuation Joint Board, 27 March 2025, Draft Budget for 2025/26.

### Annexes

Annex 1: Financial Detail by Service Area.

Annex 2: Budget Action Plan.

**Annex 1: Financial Detail by Service Area****December 2025**

The following tables show the spending position by service function

| <b>Orkney &amp; Shetland Valuation Joint Board</b> |           | <b>Spend<br/>£000</b> | <b>Budget<br/>£000</b> | <b>Over/(Under)<br/>£000</b> | <b>Spend<br/>%</b> | <b>Annual<br/>Budget<br/>£000</b> |
|--|-----------|-----------------------|------------------------|------------------------------|--------------------|-----------------------------------|
| Joint Costs  | <b>PA</b> | 598.4                 | 597.9                  | 0.5                          | 100.1              | 850.8                             |
| Barclay Review                                     |           | 113.1                 | 120.0                  | (6.9)                        | 94.3               | 163.7                             |
| Shetland Costs                                     |           | 34.2                  | 39.1                   | (4.9)                        | 87.4               | 58.6                              |
| Orkney Costs                                       | <b>1B</b> | 33.7                  | 45.8                   | (12.1)                       | 73.6               | 69.0                              |
| Requisition SIC                                    |           | (565.9)               | (565.9)                | 0.0                          | 100.0              | (565.9)                           |
| Requisition OIC                                    |           | (576.3)               | (576.3)                | 0.0                          | 100.0              | (576.3)                           |
| <b>Service Total</b>                               |           | <b>(362.8)</b>        | <b>(339.4)</b>         | <b>(23.4)</b>                | <b>106.9</b>       | <b>(0.1)</b>                      |

## Orkney &amp; Shetland Valuation Joint Board

| Function | Function Description/<br>Explanation   | Action Category/<br>Action Description                                  | Responsible<br>Officer | Deadline   | Status |
|----------|--|---|------------------------|------------|--------|
| R69D     | <p><b>Orkney Costs</b></p> <p>Less than anticipated expenditure by £12.1K</p> <p>Some cost areas are behind profile. Rent invoice is due to be received which will reduce the variance. Supplies and Services are also showing an underspend due to timing of purchases in current year against that profiled.</p> | <p><b>Monitor the situation</b></p> <p>Raise virements if required.</p> | Erik Knight            | 31/01/2026 | New    |