Orkney and Shetland Valuation Joint Board

Item: 7

Orkney and Shetland Valuation Joint Board: 28 September 2026.

Revenue Expenditure Outturn.

Report by Treasurer to the Board.

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 2025 to 31 March 2026, 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 was 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 **March 2026**

The following tables show the spending position by service function

Orkney & Shetland Valuation Joint Board	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Joint Costs	**1C**	791.3	852.3	(61.0)	92.8	852.3
Barclay Review	**1B**	145.6	163.7	(18.1)	88.9	163.7
Shetland Costs		51.7	58.6	(6.9)	88.2	58.6
Orkney Costs	**1B**	45.0	69.0	(24.0)	65.2	69.0
Requisition SIC		(556.9)	(565.9)	9.0	98.4	(565.9)
Requisition OIC		(563.4)	(576.3)	12.9	97.8	(576.3)
Accounting for Pensions	**1B**	(23.0)	0.0	(23.0)	0.0	0.0
Movement in Reserves	**1B**	96.8	(1.5)	98.3	N/A	(1.5)
Finance Charges	**1B**	12.9	0.0	12.9	0.0	0.0
Service Total		**0.0**	**(0.0)**	**0.0**	**0.0**	**(0.0)**

Orkney and Shetland Valuation Joint Board

Service Function	**Service Description**	**Responsible Officer**	**Variance Reason**	**Action Notes**
R69A	**Joint Costs** Less than anticipated expenditure by £61.0K	Erik Knight	Staff costs are showing a significant underspend in part due to the vacant deputy assessor role. This is partially offset by increased supplies and services cost. The other impact surrounds the accounting entries in respect of Pension IAS19 reporting.	None required.
R69B	**Barclay Review** Less than anticipated expenditure by £18.1K	Erik Knight	Each subjective line shows a slight underspend against budget which results in this cost centre variance. Transport costs are below budget, as are Admin Costs and Supplies and Services.	Intention is to do a base budget review of VJB budgets by subjective code for 2027/28 budget setting.
R69D	**Orkney Costs** Less than anticipated expenditure by £24.0K	Erik Knight	Property costs are below budget due to the accounting treatment of leases under IFRS16.	None required.
R69N	**Accounting for Pensions** More than anticipated income by £23.0K	Erik Knight	Variance arises due to the accounting entries in respect of the Pension IAS19 reporting.	None required.

Orkney and Shetland Valuation Joint Board

Service Function	Service Description	Responsible Officer	Variance Reason	Action Notes
R69U	**Movement in Reserves** More than anticipated expenditure by £96.8K	Erik Knight	Variance arises due to the accounting entries in respect of the Pension IAS19 reporting, and adjustment for holiday accrual.	None required.
R69Y	**Finance Charges** More than anticipated expenditure by £12.9K	Erik Knight	Variance arises due to the accounting treatment of leases under IFRS16.	None required.