

Item: 10

Orkney and Shetland Valuation Joint Board: 3 March 2022.

Draft Budget.

Report by Treasurer to the Board.

1. Purpose of Report

To consider the draft budget for the Orkney and Shetland Valuation Joint Board for financial year 2022/23.

2. Recommendations

The Board is invited to note:

2.1.

The requirement to set a balanced budget and to determine the level of requisition to be sought from the Board's constituent authorities.

2.2.

That the draft budget for financial year 2022/23, attached as Appendix 1 to this report, is based on a standstill position, subject to pay and inflationary costs pressures and broadly follows the strategies adopted by the constituent authorities.

2.3.

That, should the draft budget be approved, this would result in a requisition to each constituent authority as follows:

- Orkney Islands Council – £479,400, representing an increase of £14,700 or 3.2% on the previous year's requisition.
- Shetland Islands Council – £476,700, representing an increase of £18,800 or 4.1% on the previous year's requisition.

It is recommended:

2.4.

That the draft Budget, attached as Appendix 1 to this report, be approved.

3. Background

3.1.

The Orkney and Shetland Valuation Joint Board is required to set a balanced budget and to determine the level of requisition to be sought from its constituent authorities.

3.2.

The proposed budget supports delivery of Corporate and Service plans for the range of functions and services for which the Board has responsibility. This link also provides assurance to the constituent authorities that the activities of the Board meet their expectations and achieve best value.

3.3.

If a realistic, affordable budget is not set, there is a risk that the Board will be unable to fulfil its statutory duties should insufficient funding be requisitioned from constituent authorities.

4. Draft Budget for financial year 2022/23

4.1.

The draft budget is based on a standstill position, subject to pay and inflationary costs pressures and broadly follows the strategies adopted by the constituent authorities.

4.2.

The budget proposals, can be summarised in the table below:

2021/22 Budget	£922,600
Growth and/or Income Reduction	£40,800
Savings and/or New Income Generation	£(7,300)
2022/23 Draft Budget	£956,100

4.3.

The following provides an explanation of growth:

- Staff Costs include incremental drift, an allowance for a 2% pay award, an increase of 1.7% in employers National Insurance contribution and an increase of 3.5% in employers pension contribution. This represents a budget increase of £32,500.
- Property Costs include an inflation assumption of 1%, with an additional allowance for electricity which is budgeted to increase by 25% on current costs, adding £1,800 to the budget.

- Supplies and Services includes a budget increase of £6,000 which incorporates the Service Level Agreement for ICT.
- Apportioned Costs include inflation of 2% to match the allowance for the pay award.

4.4.

The following provides an explanation of savings and income generation:

- Transport and Administration Costs have been reduced by £5,500 and £1,000 respectively on the basis that changing working practices following Covid 19 will allow for travel and subsistence savings in 2022/23.
- Fees and Charges include inflation of 2% applied to income relating to the Register of Electors.

4.5.

A revenue budget of £132,500 is proposed in respect of Barclay Review Implementation costs for financial year 2022/23, representing an increase of £11,600, or 9.6%, on 2021/22. These costs include ongoing costs of two trainee graduate valuers; support and development of the Corona valuation system; and a contribution to the Scottish Assessor Association's portal development. After allowing for joint costs, this compares favourably with the combined provisional revenue allocation of £140,000 notified to constituent local authorities, representing an year on year increase of £20,000.

4.6.

Attached as Appendix 1 to this report is the draft budget for financial year 2022/23, estimated at £956,100, representing an increase of £33,500 or 3.6% over the 2021/22 budget. If approved, this would result in a requisition to each constituent authority as follows:

- Orkney Islands Council – £479,400, representing an increase of £14,700 or 3.1% on the previous year's requisition.
- Shetland Islands Council – £479,400, representing an increase of £18,800 or 4.1% on the previous year's requisition.

5. Financial Implications

The financial implications are detailed throughout the report.

6. Legal Aspects

There are no legal implications arising directly from the recommendations to this report.

7. Contact Officer

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8. Appendix

Appendix 1: Draft Revenue Budget for financial year 2022/23.

Appendix 1

Income & Expenditure Summary	2021/22 Restated Budget £	2022/23 Core Budget £	2022/23 Barclay Review £	2022/23 Proposed Total Budget £	Budget v Proposed (Adv)/Pos £
EXPENDITURE:					
Staff Costs	760,500	692,300	100,700	793,000	(32,500)
Property	32,800	34,600	-	34,600	(1,800)
Supplies and Services	73,400	54,000	25,400	79,400	(6,000)
Transport	27,500	18,100	3,900	22,000	5,500
Administration	43,600	40,100	2,500	42,600	1,000
Apportioned Costs	28,000	28,500	-	28,500	(500)
TOTAL EXPENDITURE	965,800	867,600	132,500	1,000,100	(34,300)
INCOME:					
Fees and Charges	(43,200)	(44,000)	-	(44,000)	800
TOTAL INCOME	(43,200)	(44,000)	-	(44,000)	800
NET EXPENDITURE	922,600	823,600	132,500	956,100	(33,500)
CHARGE TO CONSTITUENT AUTHORITIES:					
Orkney Islands Council	(464,700)	(413,150)	(66,250)	(479,400)	14,700
Shetland Islands Council	(457,900)	(410,450)	(66,250)	(476,700)	18,800
TOTAL CHARGE TO CONSTITUENT AUTHORITIES:	(922,600)	(823,600)	(132,500)	(956,100)	33,500