Orkney and Shetland Valuation Joint Board

Item: 11

Orkney and Shetland Valuation Joint Board: 10 March 2026

Medium Term Financial Plan 2026/27 to 2027/28

Report by Treasurer of the Board.

1. Overview

1.1. The Medium-Term Financial Plan (MTFP) serves as a key planning document for the use of resources over the medium-term period 2026/27 to 2028/29. It is a useful tool for planning purposes rather than a definitive statement of resourcing for the next three years. It also has linkages to the Board's Service Plan 2023-2026 and Workforce Plan 2024-2027.

1.2. The principal focus of the MTFP is on maintaining the provision of an effective valuation and electoral registration service for the Orkney and Shetland Island areas and brings together all the financial requirements for the Board into a single planning document.

1.3. The Medium-Term Financial Plan 2026/27 to 2028/29 is attached at appendix 1.

2. Recommendations

2.1. It is recommended that members of the Board:

i. Approve the MTFP, for the period 2026/27 to 2028/29, attached as Appendix 1 to this report.

3. Background

3.1. The public sector has faced unprecedented reductions in Government funding since 2011. Competing service pressures and increasing demand for services has meant difficult decisions for the Board and its constituent local authorities over time.

3.2. The continuing requirement to deliver budget savings presents an increasing challenge for the Board, which have been compounded by the greater financial uncertainty that exists over the medium term.

3.3. Improved financial planning of the Board's resources should result in better use of resources and improved outcomes as changes in the provision of services can be planned over the medium term.

4. Key Principles of the MTFP

4.1. The MTFP is founded on the following underlying principles:

- the Board has a comprehensive, coherent balanced budget;
- resources are allocated and deployed to facilitate delivery of services;
- all key strategic decisions on the allocation and deployment of resources are made within the appropriate financial context, with due regard to levels of risk;
- the Board is able to take full account of the impact of decisions on the overall financial resources of the Board in the short, medium and long term;
- the Board has flexibility to address new policy requirements, or significant changes to existing policies, within overall available financial resources; and
- there is an ongoing focus on securing efficiencies across the organisation.

4.2. The MTFP recognises the national context, and the funding pressures facing constituent Councils anticipated over the medium term. Annex 3 of the MTFP provides a 10-year forecast of the funding gap that will require to be bridged in the event that the constituent Councils' requisitions are not increased beyond the proposed level for financial year 2026/27.

4.3. Over the medium term, it is considered that the annual requisitions to the constituent Councils will increase in line with the Government's medium-term target for inflation.

4.4. With staff costs representing 83% of the Board's annual revenue budget, capacity to generate recurring efficiency savings from non-staff costs principally to address staffing costs is extremely limited.

4.5. The Board is reliant on the continued financial support of the constituent Councils to balance the budget. This reliance is however also recognised in statute as the Board is empowered to set an annual requisition for the constituent Councils when approving an annual balanced budget.

For Further Information please contact:

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Implications of Report

1. **Financial** – included in the body of the report, and Appendix 1.
2. **Corporate Governance** – Effective financial planning helps the Board to comply with its statutory duty to achieve best value.

3. **Human Resources** – A key part of the MTFP is workforce planning with the aim being to help manage the workforce in the present and plan effectively for the future. Workforce planning is the process that organisations use to make sure they have the right people with the right skills, in the right place, at the right time. A Workforce Plan covering the period 2024-2027 sets out the Board's current workforce and identifies the process to be undertaken to identify the workforce it currently needs, the workforce it needs in the future, the gaps between the current workforce and the needed workforce and actions to fill those gaps (recruitment, training, changing service provision).
4. **Equalities** – N/A
5. **Island Communities Impact** – N/A
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, Item 13: Medium Term Financial Plan 2025/26 to 2027/28

Orkney and Shetland Valuation Joint Board, 10 March 2026, Draft Budget 2026/27

Appendix

Appendix 1: Medium Term Financial Plan 2026/27 to 2028/29.

Orkney and Shetland Valuation Joint Board

Medium Term Financial Plan for 2026/27 to 2028/29, including 10 Year Long-Term Forecast to 2035/36

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February 2026

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Orkney and Shetland Valuation Joint Board
Medium Term Financial Plan for 2026/27 to 2028/29

1 Introduction

1.1 The purpose of the Financial Plan is to allow the Valuation Joint Board ("the Board") to consider and plan for medium to longer term financial issues by providing early sight of pressures arising from areas such as: constituent authority funding reductions; service demand changes; etc. The Financial Plan demonstrates that the Board is clear that the outcomes it plans to achieve link directly to the financial plans for the future and that any financial challenges identified which threaten the achievement of these outcomes are managed and prioritised in an orderly manner.

1.2 In recent years, the Scottish Government has provided a single year settlement for councils. This clearly makes it difficult to predict constituent contributions going forward, though it seems clear that the trend of reducing funding to councils may continue on an ongoing basis which is likely to result in pressure to reduce Board requisitions.

In general it is anticipated that the Board will face significant financial challenges over at least the next three to five years. It is therefore likely that difficult choices will continue to be required – this Plan provides a practical framework within which choices will be identified, debated and approved.

1.3 To provide clear and consistent direction for the Board, the following objectives have been identified for the Financial Plan – it will ensure that:

- the Board has a comprehensive, coherent balanced budget;
- resources are allocated and deployed to facilitate delivery of services;
- all key strategic decisions on the allocation and deployment of resources are made within the appropriate financial context, with due regard to levels of risk;
- the Board is able to take full account of the impact of decisions on the overall financial resources of the Board in the short, medium and long term;
- the Board has flexibility to address new policy requirements, or significant changes to existing policies, within overall available financial resources; and
- there is an ongoing focus on securing efficiencies across the organisation.

1.4 The primary financial challenges facing the Board over the period of this Plan will be delivering a coherent, balanced revenue budget year on year. To deliver this, the Board will need to continuously review existing and revised service delivery arrangements to determine if they are effective, efficient and sustainable, consider alternative methods of service delivery where appropriate and proactively identify opportunities to secure efficiencies or reduce service provision.

1.5 There is no doubt that the information generated through this process will result in options that require hard choices – one of the main challenges for the Board over the next few years will be that, once chosen, these options will often require a lead-in period prior to implementation.

1.6 If the Financial Plan is to be successful, and achieve the objectives outlined, it must be a dynamic, living document reviewed on a regular basis.

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1.7 The financial plan undertakes some sensitivity analysis to provide a picture of best case, worst case and likely case in terms of financial projections. This allows the Board to see the risk associated with the range of variables within the financial issues/pressures identified.

1.8 The plan also seeks to provide a longer term projection of the Board's future budget position for the next ten years. This will allow longer term risks and issues to be identified. Although it is clear that the further away from the current date that projections go the less certain the projections become, they will nevertheless allow the Board to consider longer term views and options.

Stephen Leask
Convener of the Board

Robert Eunson
Assessor & Electoral Registration Officer

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2. Purpose of a Financial Plan

2.1 The purpose of a Financial Plan is to provide clear direction, supported by a practical framework and explicitly defined parameters, on how the Board will structure and manage its financial resources in the medium to long term to ensure they are deployed effectively to comply with the statutory duties of the Assessor & Electoral Registration Officer (ERO).

2.2 The ambition of the Board is to produce a Financial Plan that brings together the corporate objectives of the Board along with all the relevant financial information in a clear and accessible document over the longer term.

2.3 The value of such a Plan is that it should enable the Board to understand the wider policy and financial environment within which it operates, identify and respond flexibly to opportunities and threats, manage and mitigate risks and ensure that financial resources are contributing to the statutory duties of the Assessor & ERO.

2.4 The Plan will also provide information to a range of stakeholders:

Table 1 – Stakeholder Information

Stakeholder	Purpose of finance strategy
For the Board and Elected Members	to decide how available financial resources will be used and prioritised
For Officers, managers and employees	to reinforce and support their roles in financial management arrangements
For partners, including constituent councils	to share the Board's vision and help understand legislative demands on the Board

2.5 The Plan identifies issues that will impact longer term so that the Board can plan ahead; it includes expenditure forecasts, and projected funding, where known.

2.6 Inevitably some of the information in the Financial Plan will be based on assumptions and these will change over time - the Plan will be reviewed and updated annually so that the Board can respond proactively to any such changes. This is particularly the case the longer into the future the projections are taken.

3. Financial Summary

Revenue Budget

3.1 The budget process for 2026/27 was progressed through the Board in the normal manner enabling the Board to set a balanced budget for the financial year ahead.

3.2 Table 2 provides a summary of the Board's projections for 2026/27 to 2028/29.

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Table 2 - Three Year - Budget Summary

	2026/27 Budget £000	2027/28 Indicative Budget £000	2028/29 Indicative Budget £000
Revenue Budget	**1,195.5**	**1,230.7**	**1,256.6**
Funded by:			
Constituent Contributions (including Barclay)	(1,195.6)	(1,230.7)	(1,256.6)

4. National Context

4.1 The Scottish Government has allocated Scotland-wide funding for 2026/27 of £6.824m to meet the estimated costs to be incurred by the Boards in implementing the recommendations of the Barclay Review of Non-Domestic Rating (NDR). The Board's share of this funding is £182,000 and this will be made available through the constituent Councils. Again, it is difficult to forecast the future for this funding stream beyond 2026/27, but the underlying planning assumption is that these funds will be baselined following completion of the term of the Barclay Review implementation period.

4.2 There remains a risk to assumptions made around future Scottish Government settlements. It is anticipated that this in turn has the potential to impact on the finance settlements to Constituent Councils and therefore likely to affect the Board. The extent of the risk around this is not quantifiable.

5. Local Context

5.1 The environment within which the Board operates has changed significantly in recent years and is likely to alter further over the period of this strategy due to changes in legislation, policy and other national developments (an example of this being the Barclay Review and the Government's Action Plan leading to the Non-Domestic Rates (Scotland) Act 2020).

The Planning Context

5.2 The Board's Service Plan for 2023-26 sets out a clear vision:
"Our vision is to provide a range of valuation and electoral services to the stakeholders of the Valuation Joint Board in accordance with statute and at levels of excellence which meet or exceed their expectations"

5.3 To achieve this vision the Board will work with its key partners and the Financial Strategy underpins the delivery of the vision, priorities and objectives identified in the Service Plan 2023-26.

6. Financial Management

Corporate Governance

6.1 The Board positively promotes the principles of sound corporate governance within all aspects of its activities.

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6.2 Corporate governance is about the structures and processes for decision-making, accountability, controls and behaviour throughout the Board. It is based around key principles of openness, equality, integrity and accountability.

6.3 The fundamental principles of corporate governance are reflected in the various dimensions of Board business, including:

- Ensuring the compliance with statutory duties on a sustainable basis;
- Establishing effective management structures and processes which include clearly defined roles and responsibilities for officers;
- Developing and maintaining effective risk management systems that form part of the Board's strategic decision making process;
- Ensuring high standards of propriety and probity in the stewardship of the Board's funds and the management of the Board's affairs; and
- A commitment to openness in the Board's affairs and the provision of full, accurate and clear information to all stakeholders.

6.4 The Board's Financial Regulations, and Contract Standing Orders were approved by the Board at its meeting of 20 June 2024 and are an essential component of the corporate governance of the Board.

6.5 The Treasurer has been designated as "the proper officer" and is responsible for advising the Board on all financial matters including the determination of Accounting Policies. This role is part of the responsibility of the Head of Finance, Orkney Islands Council.

6.6 The Financial Regulations are designed to facilitate the smooth running of the Board, protect its interests and the interests of members and officers, and ensure the proper administration of the Board's financial affairs.

Roles and Responsibilities

6.7 It is important to set out clearly the roles and responsibilities of the key parties involved in the Financial Strategy and the management of overall financial resources of the Board.

Board Members

6.8 Board Members, through the full Board are responsible for considering, monitoring and approving budgets and the overall Financial Strategy for the Board. Approved budgets must be financially balanced and demonstrate value for money and consider sustainability.

6.9 The Board scrutinises performance and management of resources, with internal and external audit information being reported. The Board's year end position and relevant audit comments are reported to and monitored by the Board.

6.10 Throughout the year the Board receives reports which allow progress against approved budgets to be scrutinised. Members' personal development opportunities are provided through an ongoing annual programme of seminars (provided to individual Members through their relevant Council) which will include updates on financial aspects.

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The Board Management Team

6.11 The Management Team (made up of Assessor & ERO, Clerk to the Board and Treasurer) is responsible, individually and collectively, for ensuring that best value and value for money is achieved across the Board, in service delivery, internal processes and systems of control, procurement of goods/services and the use of assets.

6.12 The Management Team is responsible for the management of budgets to deliver the services in line with the statutory requirements of the Board and remain accountable in exercising overall financial control.

The Treasurer

6.13 The Treasurer has a statutory role to ensure the correct arrangements are in place for the proper administration of the financial affairs of the Board. The Treasurer has the authority to comment on any financial decision and advises the Management Team, the Assessor and Board members on all financial matters.

Internal Audit

6.14 The Board has appointed Orkney Islands Council Internal Audit as internal auditors. Internal Audit provides assurance to the Board and the Assessor that the internal processes of the Board are being managed appropriately in line with the statutory requirements and outcomes are being delivered in the most efficient and effective manner.

External Audit

6.15 The role of External Audit is to provide assurance to the Auditor General and the Accounts Commission that the Board has spent public money properly to deliver outcomes in an efficient and effective manner. This is considered with a financial context, as well as performance and governance.

6.16 They provide assurance to Board members, the Management Team and general public that the Board's performance is reported in accordance with the extant financial standards and present fairly an account of the Board's activities.

Managing the Budget

6.17 The Board has an effective method of developing the revenue budget that has aims to align resources with the Assessor & ERO's statutory duties.

Revenue Budget

6.18 The current process for considering the development of the revenue budget is undertaken by the Management Team. The process is undertaken with due consideration of, and agreement on, current policy and financial parameters for the budget, expenditure pressures and/or efficiencies.

Freedoms and Flexibilities

6.19 Virements between budgets are allowed, subject to the limitations and approval requirements identified in the Financial Regulations.

Requisitioning

6.20 The funding requirement for the Electoral Registration Officer is currently requisitioned in accordance with S58 of the Representation of the People Act 1983, and for the Assessor in accordance with Sch 2 para 8(1) of the Valuation Joint Boards (Scotland) Order 1995.

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7. Financial Outlook

7.1 Key financial issues are known or anticipated events and activities which will have to be addressed within the Board's overall financial resources in the short-term (within one year), medium-term (three to five years) or long-term (five to ten years). Annex 1 provides an analysis of issues.

7.2 Events and activities include efficiencies, planned savings, changes to service priorities and delivery, and known potential pressures - the financial impact of an event or activity may be one-off, recurring or time-limited.

7.3 The Board is expected to receive Constituent Funding of £1,195,500 in 2026/27, including funding made available through Councils for Barclay Review costs of £182,000.

7.4 This Financial Plan provides detailed revenue forecasts covering the next 3 financial years, 2026/27 to 2028/29. The forecasts for the first year being more accurate as expected levels of demand and cost for Board services are more likely to be accurate in 2026/27 than in future years. The level of funding for 2027/28 onwards is not yet known. The plan projects that ongoing funding will remain constant, with scenario planning giving consideration to possible reductions, due to the likely impact of the ongoing UK austerity measures. Annex 3 provides a summary of the financial projections for the next 10 years.

7.5 As part of the budget process for 2026/27 the Board considered a continuation of the existing strategy, namely to operate from within a balanced budget with no accumulated reserves.

Employee Pay Awards

7.6 The pay award for 2026/27 is known, at 3.5%. Future employee pay awards for 2027/28 onwards have not been agreed, however, for the purpose of the Finance Plan pay award expectations have been assumed at 3% for 2027/28, falling to 2% (the Bank of England target rate) thereafter.

In addition to this, the revised pay and grading model which was implemented by the Board in 2021 brings with it an expectation that the Board will now reflect incremental drift in the Financial Plan. This includes the recognition of career progression for valuation staff which has also been incorporated into the pay and grading model.

Employers Pension Contributions

7.7 Staff costs also include pension contributions. Note the 27.7% contribution rate for Shetland Islands Council Pension Fund scheme members over the three year period 2024/25 to 2026/27. The projections to 2027/28 detail no change to the known contribution rate.

Future Challenges

7.8 The future will continue to present new challenges and demand additional duties which will exert cost pressures, including:

- The change from 5 yearly Non Domestic Rates (NDR) Revaluations to 3 yearly cycles, as set by the Non-Domestic Rates (Scotland) Act 2020, which is out of step with others in the UK and significantly compresses workloads and increases resource requirements;

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- The NDR appeal system reform which introduces a two-stage proposal and appeal process which will be a demand on resources;
- Increased information provision, transparency and consultative requirements as detailed in the Barclay Review of NDR;
- Implementation of civil penalty procedures for non-provision of information to the Assessor;
- Additional checks required on the operation of self-catering units;
- Changes associated with the Elections Act 2022 including;
  - The requirement to provide Voter Identification (ID) to vote at reserved elections. This will require the production and distribution of Voter ID cards by the ERO where electors do not hold relevant approved documents.
  - Postal Voters on the UK Parliamentary Register will be required to reapply for their absent votes every three years and the divergence issues that presents;
  - The extension of the overseas voting franchise by removal of the existing 15 year limit on overseas electors' right to vote in UK Parliamentary elections.
- In January 2026, the Scottish Government announced that from 1st April 2028 two additional Council Tax Bands will be introduced: -
  - Band I for properties valued between £1m and £2m; and
  - Band J for properties valued above £2m.

Consequences of continued financial squeezes

7.9 With many activities being statutory requirements with mandatory timetables for completion, and with approximately 83% of the Board's expenditure being on staff costs, it is considered that any savings of significance would require reductions in staffing levels. While much of the work in recent years has focused on developing a pay and grading model which supports the development of a staffing complement that is fit for purpose, including succession planning arrangements, it is considered that planning for any reductions in staff costs over the short to medium term would be counter-productive. Reducing staff is also problematic given the structure of the organisation, i.e. with one or two staff members in each role; and the sharing of staff between roles in busy periods, for example Canvassing undertaken by Technicians.

Although not explicit, the fact that the pay and grading model was developed and implemented with the support of Constituent Councils suggests that it is reasonable to assume that the Council's are similarly committed to supporting the Board to meet the associated financial implications including incremental drift and career progression. As a planning assumption, this would allow the Board to increase the annual requisitions beyond that of a basic pay award over the medium term.

The Board does not have a voluntary retirement and severance scheme, but it is considered that such a scheme would need to be developed if a requirement to deliver material budgetary savings was subsequently confirmed going forward.

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The effects of applying efficiencies and staffing reductions on service provision could include:-

- The one area of service provision which is not tightly determined by timetables is the entry of new properties onto the Council Tax List. If this area of function was treated as a lower priority than at present the result would be time delays before council taxpayers could be issued with bills, with inherent build-up of back-dated liabilities, reductions in the in-year collection of Council Tax monies by constituent Councils and reductions in performance in relation to one of the Assessor's key performance indicators;
- Failure to meet demand in terms of public enquiries and electoral registration/absent voter applications, especially around the peak periods in the run-up to any electoral events. This could result in the loss of electors' votes or failure to provide registers to the Returning Officers at future electoral events;
- Delays in dealing with NDR and council tax appeals, potentially leaving stakeholders over paying for longer. This could also result in failure to meet the statutory dates for disposal of appeals and/or an increase in referrals to the Lands Tribunal, at additional cost;
- The loss of experience and or skills could lead to increased Rateable Value loss and reductions of Council Tax bands on appeal, resulting in loss of income to the constituent Councils; or
- Failure to meet statutory duties in respect of completion of the annual electoral canvass could lead to legal action being taken against the ERO or intervention action being taken by the Electoral Commission and/or government.

8. Monitoring and Reporting Arrangements

8.1 The Financial Plan will be monitored by the Management Team and the Treasurer on a regular basis - there will also be capacity to review the Plan as and when required, particularly when a new issue arises or the impact of major policy or initiative becomes clearer.

8.2 The Financial Plan will be revised when there are changes to estimates, projections or policy which have a major financial impact. Any changes will be reported to the Board for approval.

8.3 The financial management principles and expectations have been communicated and are understood by all budget holders.

8.4 The Financial Plan has been drawn up with the full involvement of the Assessor & ERO and, will be communicated to the Management Team and throughout the organisation.

8.5 During the years covered in the strategy, it is planned that the Board will receive budgetary control reports every quarter analysing all material variances. The Management Team receive this information on a monthly basis.

9. Risk Management

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9.1 The Board's strategic and operational risks registers (including risks relating to the Financial Plan and delivery of the Financial Plan) continue to be assessed, reviewed, and managed in line with the strategic priorities.

10. Approach to Generating Future Budgets

10.1 Currently revenue budgets are generated through the traditional process known as "Cost of Current Level of Service" with "incremental budgeting". So, in general, budgets follow the current cost of delivery of Board statutory duties allowing for known cost increases/reductions to be built-in and for unavoidable burdens/ reductions to also be recognised as part of the cost of providing a service reflecting current Board duties. In general this process should, in theory, generate a budget which reflects Board priorities on the basis that services are set up to deliver those priorities. In essence, the baseline position is carried forward from the previous year's budget and this is adjusted for known movements.

10.2 Annex 3 provides a forecast of possible budget gaps over the next 10 years based upon current levels of service and a particular set of assumptions. This should assist the Board in considering longer term financial planning.

10.3 In light of the budget gaps being projected, the statutory nature of the work undertaken by the Board, and the cost and work pressures which have been detailed within this Plan, the following assurances were provided by the Management Team:

- Costs will be controlled and, where possible, minimised in the delivery of Valuation Joint Board services.
- Transport costs will be minimised, where possible, for example the aspiration for appointment of a Shetland based Deputy Assessor will aid this control.
- Continue, where necessary, to review the need for in-person Board meetings, and the frequency of these meetings, having regard to any operational and/or governance issues facing the Valuation Joint Board.
- Seek to ensure that work processes are reviewed regularly, where necessary, to ensure that additional obligations on staff workload are met from within the existing staffing establishment.
- Review office requirements regularly, if necessary, considering changing working practices, for example remote or hybrid working.

10.4 Ultimately, as staffing makes up 83% of the Valuation Joint Board's budget it would be difficult to reduce costs significantly without impacting on services provided, see paragraph 7.9, above.

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Orkney and Shetland Valuation Joint Board
Medium Term Financial Plan for 2026/27 to 2028/29

Annex 1 – Issues (Short / Medium / Long- term)

The following have been identified by the management team as requiring to be addressed, the impact of which can be one-off or recurring. Some shorter term issues (1 year) will continue into the medium term (3-5 years) and longer term (5-10 years). This list is not exhaustive.

Risk Area	Issues Identified	Action Taken	Responsible Officer
Strategic Issues	Impact of Scottish Government Funding levels on constituent contributions and Barclay implementation	Longer term financial strategy to help identify possible risks on budget gaps to take necessary action at an early stage. Continued dialogue with Scottish Government through SAA.	Assessor & Treasurer
Non-Domestic Rating	Managing the new 3 yearly valuation cycle and proposal/appeal process.	Resources were increased in advance (Graduate Apprentices hired). Ongoing, continued close liaison as part of the SAA to enable staff to cope with the workload and meet statutory deadlines.	Assessor & ERO
Electoral Registration Service	Changes to electoral processes arising from the Elections Act 2022.	With legislation now in place, liaise with SAA to share experience of implementation of the requirements of the Act. Consider resource implications on its implementation including staffing levels	Assessor & ERO
Electoral Registration Service	Changes to electoral processes and/or franchise arising from any Scottish Government Electoral Reform.	As above, it is important to liaise with the SAA to share experience of implementation. Consider resource implications, including staffing levels	Assessor & ERO
Recruitment and retention	Key staff nearing retirement age; unattractive employment terms; lack of qualified staff in market place.	Succession planning for key activities/knowledge areas. Career structure/progression. Recruitment strategies.	Board & Clerk to Board
Valuation Staff	A lack of qualified valuer staff	Review of Pay & Grading Model. Career progression with staffing structure. Apprentice valuer posts.	Assessor & ERO

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Orkney and Shetland Valuation Joint Board
Medium Term Financial Plan for 2026/27 to 2028/29

Annex 2 – Medium Term Indicative Budget

Based upon a set of assumptions (noted below), the 3 year indicative budget has been projected forward to identify possible gaps between income and expenditure, if no other changes in the Board's services take place

Income & Expenditure Summary	2026/27 Budget £'000	2027/28 Indicative Budget £'000	2028/29 Indicative Budget £'000
EXPENDITURE:			
Staff Costs	990.4	1020.2	1040.6
Property	66.1	67.5	68.9
Supplies and Services	90.1	92	93.9
Transport	24.7	25.2	25.7
Administration	45.8	46.8	47.8
Apportioned Costs	32	32.6	33.3
TOTAL EXPENDITURE	**1,249.1**	**1,284.3**	**1,310.2**
INCOME:			
Fees and Charges	-53.6	-53.6	-53.6
TOTAL INCOME	**-53.6**	**-53.6**	**-53.6**
NET EXPENDITURE	**1,195.5**	**1,230.7**	**1,256.6**
CONSTITUENT CONTRIBUTIONS (INCLUDING BARCLAY)			
Orkney Islands Council	-592.4	-609.85	-622.65
Shetland Islands Council	-603.1	-620.85	-633.95
TOTAL CHARGE TO CONSTITUENT AUTHORITIES:	**-1,195.5**	**-1,230.7**	**-1,256.6**
Inflationary Assumptions:			
Staff Costs	3.50%	3.00%	2.00%
Property Costs	2.00%	2.00%	2.00%
Supplies and Services	2.00%	2.00%	2.00%
Transport	2.00%	2.00%	2.00%
Administration	2.00%	2.00%	2.00%
Apportioned Costs	2.00%	2.00%	2.00%
Fees & Charges	0.00%	0.00%	0.00%
Requisitions	0.00%	0.00%	0.00%
Inflation - CPI	2.00%	2.00%	2.00%

In order to consider a wider range of budget assumption, the following table assesses a range of possible outcomes should inflationary pressures vary between 0% and 5%.

Orkney and Shetland Valuation Joint Board
Medium Term Financial Plan for 2026/27 to 2028/29

	2027/28	2028/29
	£'000	£'000
0%	1142.1	1142.1
1%	1164.8	1176.3
2%	1188.5	1212.5
3%	1211.1	1247.3
4%	1235.0	1284.6
5%	1259.5	1322.2

What this table seeks to show is the sensitivity of the budget values as a result of changes in the inflation assumptions applied.

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Orkney and Shetland Valuation Joint Board
Medium Term Financial Plan for 2026/27 to 2028/29

Annex 3 – Longer Term Financial Projections

Based upon a set of assumptions (noted below), the 3 year indicative budget has been projected forward to identify possible gaps between income and expenditure, if no other changes in the Board's services take place:

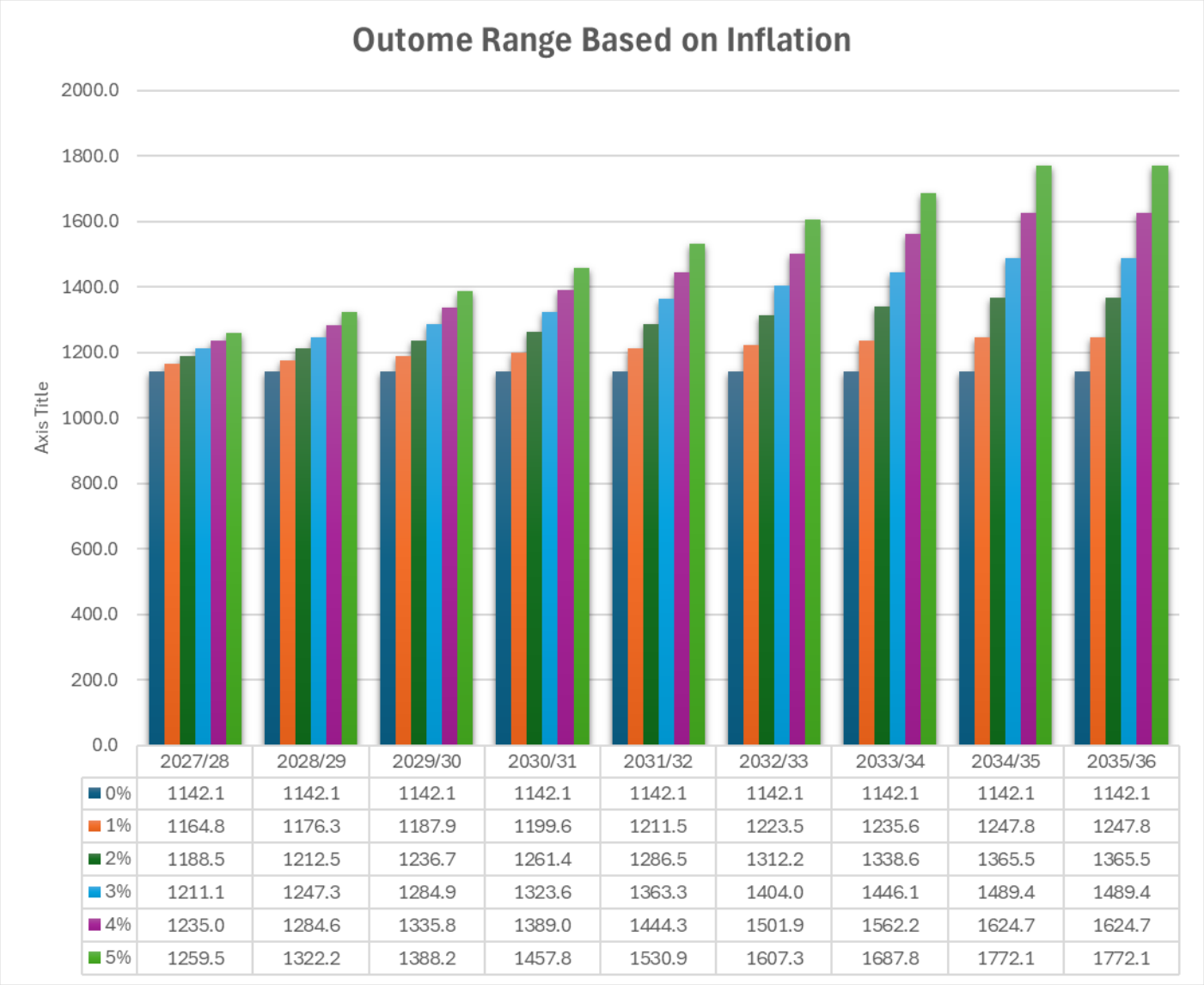
	NET EXPENDITURE	STANDSTILL COUNCIL CONTRIBUTION	INDICATIVE BUDGET GAP	Cumulative Budget Gap
	£'000	£'000	£'000	£'001
Budget 2026/27	-1,195.5	-1,195.5	0.0	0.0
Indicative Budget 2027/28	-1,230.7	-1,195.5	-35.2	-35.2
Indicative Budget 2028/29	-1,256.6	-1,195.5	-61.1	-96.3
Indicative Budget 2029/30	-1,282.9	-1,195.5	-87.4	-183.7
Indicative Budget 2030/31	-1,309.6	-1,195.5	-114.1	-297.8
Indicative Budget 2031/32	-1,336.8	-1,195.5	-141.3	-439.1
Indicative Budget 2032/33	-1,364.4	-1,195.5	-168.9	-608.0
Indicative Budget 2033/34	-1,392.7	-1,195.5	-197.2	-805.2
Indicative Budget 2034/35	-1,421.7	-1,195.5	-226.2	-1,031.4
Indicative Budget 2035/36	-1,451.4	-1,195.5	-255.9	-1,287.3

Assumptions:

- No further budget changes/ burdens / efficiencies have been included for 2027/28 onwards at this stage
- It is assumed that general inflationary pressures will be contained wherever possible through the generation of efficiency savings within the financial envelope of the Boards revenue budget, noting that 83% of the budget is staff costs.
- It is further assumed that constituent councils will continue to support the Board financially through the annual requisition mechanism to manage the full financial implications associated with the revised pay and grading model that was implemented in 2021, including incremental draft and career progression.

The following graph shows the 10-year indicative budgets with a range of inflationary rates between 0% and 5% - and the variable gap which may occur depending on underlying economic conditions.

DRAFT



	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
0%	1142.1	1142.1	1142.1	1142.1	1142.1	1142.1	1142.1	1142.1	1142.1
1%	1164.8	1176.3	1187.9	1199.6	1211.5	1223.5	1235.6	1247.8	1247.8
2%	1188.5	1212.5	1236.7	1261.4	1286.5	1312.2	1338.6	1365.5	1365.5
3%	1211.1	1247.3	1284.9	1323.6	1363.3	1404.0	1446.1	1489.4	1489.4
4%	1235.0	1284.6	1335.8	1389.0	1444.3	1501.9	1562.2	1624.7	1624.7
5%	1259.5	1322.2	1388.2	1457.8	1530.9	1607.3	1687.8	1772.1	1772.1