Orkney and Shetland Valuation Joint Board

Item: 6

Orkney and Shetland Valuation Joint Board: 10 March 2026

Draft Budget 2026/27

Report by Treasurer of the Board.

1. Overview

1.1. 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.

1.2. 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.

1.3. 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.

1.4. The Scottish Government Settlement for 2026/27 allocated 'new money' towards the Barclay Review Implementation of £17,000 for each constituent local authority, increasing total funding to £91,000 for each, or a total of £182,000.

1.5. The draft budget for financial year 2026/27 is attached as Appendix 1 to this report. Should the draft budget be approved, this would result in a requisition to each constituent authority as follows:

- Orkney Islands Council – £603,100, representing an increase of £26,850 or 4.7% on the previous year's requisition.
- Shetland Islands Council – £592,400, representing an increase of £26,550 or 4.7% on the previous year's requisition.

2. Recommendations

2.1. It is recommended that members of the Board:

i. Approve the draft budget for 2025/26, attached as Appendix 1 to this report.

3. Budget 2026/27

3.1. 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.

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

2025/26 Budget	£1,142,100
Growth and/or Income Reduction	£53,600
Savings and/or New Income Generation	(£200)
2026/27 Draft Budget	£1,195,500

3.3. The following provides an explanation of growth:

- Staff costs include a 5.12% increase. This reflects the 2025/26 pay award of 4.0% (3.0% built into prior year budget) and the 2026/27 pay award of 3.5%.
- Changes in staffing and grading are also reflected in the increase in staff costs.
- Some overtime is also anticipated in 2026/27, however this is expected to be less than that required for the 2026 Non-domestic rates revaluation in 2025/26.
- All other costs are inflated by a factor of 2% in an attempt to cover increased cost pressures across all budget areas, with the following exceptions:
    - Supplies and Services have increased by £5,000 to cover the additional cost of revaluation notices, as a result of the 2026 revaluation process.
    - Property costs have increased by £3,000 to cover the additional cost of Non-domestic rates as a result of the revaluation process for the premises the assessors operate from.

3.4. A revenue budget of £160,100 is proposed in respect of Barclay Review Implementation costs for financial year 2026/27. This cost is covered by the increased funding of £17,000 received by each constituent local authority from the Scottish Government for this financial year. Total funding for the Barclay Review is now £91,000 for each local authority, or £182,000.

3.5. The increase in the total requisition amount is £53,400, or 4.7%. This percentage correlates closely with the pay awards. Given staff costs accounts for ~ 83% of the Valuation Joint Board budget this appears reasonable.

For Further Information please contact:

Erik Knight, Treasurer to the Board, extension 2127, Email Erik.Knight@orkney.gov.uk

Implications of Report

1. **Financial** – Financial implications are included in section 3 of the report.
2. **Corporate Governance –** N/A
3. **Human Resources** – N/A
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 7, Draft Budget 2025/26

Appendix

Appendix 1: Draft Revenue Budget for financial year 2026/27.

Appendix 1

Income & Expenditure Summary	2025/26 Restated Budget £	2026/27 Core Budget £	2026/27 Barclay Review £	2026/27 Proposed Total Budget £	Budget v Proposed (Adv)/Pos £
EXPENDITURE:					
Staff Costs	949,800	871,800	118,600	990,400	(40,600)
Property	61,900	66,100	-	66,100	(4,200)
Supplies and Services	83,400	61,600	28,500	90,100	(6,700)
Transport	24,200	20,500	4,200	24,700	(500)
Administration	44,800	43,000	2,800	45,800	(1,000)
Apportioned Costs	31,400	32,000	-	32,000	(600)
TOTAL EXPENDITURE	**1,195,500**	**1,095,000**	**154,100**	**1,249,100**	**(53,600)**
INCOME:					
Fees and Charges	(53,400)	(53,600)	-	(53,600)	200
TOTAL INCOME	**(53,400)**	**(53,600)**	**-**	**(53,600)**	**200**
NET EXPENDITURE	**1,032,200**	**1,041,400**	**154,100**	**1,195,500**	**(53,400)**
CHARGE TO CONSTITUENT AUTHORITIES:					
Orkney Islands Council	(576,250)	(512,100)	(91,000)	(603,100)	26,850
Shetland Islands Council	(565,850)	(501,400)	(91,000)	(592,400)	26,550
TOTAL CHARGE TO CONSTITUENT AUTHORITIES:	**(1,142,100)**	**(1,013,500)**	**(182,000)**	**(1,195,500)**	**53,400**