

## RENFREWSHIRE VALUATION JOINT BOARD

**To:** Renfrewshire Valuation Joint Board

**On:** 24 February 2023

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**Report by:** The Treasurer

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**Heading:** Revenue Estimates 2023/24 to 2025/26

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### 1. Background

1.1 The following report has been prepared by the Treasurer, in consultation with the Assessor, to present the Revenue Estimates of Renfrewshire Valuation Joint Board, including the requisition of constituent authorities for the financial year 2023/24, and indicative planning figures for 2024/25 and 2025/26.

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### 2 Recommendations

2.1 It is recommended that members:

- a) approve the 2023/24 Revenue Estimates as submitted at Appendix 1;
  - b) approve the recommendations with regards requisitions for constituent authorities outlined in section 6;
  - c) approve the proposed use of reserves, including proposals in paragraphs 5.3 and 5.5; and
  - d) note the indicative estimates for 2024/25 and 2025/26.
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### 3 Background

3.1 The annual Revenue Estimates process outlines the summary revenue budget position for the organisation. The budget estimates provided in Appendix 1 outline the proposed requisition for 2023/24 along with an indicative projected position for 2024/25 and 2025/26 for members' information and as an aid to constituent authorities' financial planning. The assumptions used in developing these projections are outlined in Section 4 below.

3.2 The Scottish Budget statement delivered on 15 December 2022 announced a local government settlement for a single financial year only, adding some

uncertainty to the medium term financial outlook. It is recognised that local government in Scotland is facing a significantly challenging financial position and could face further contraction in the provision of revenue grant from the Scottish Government. In this context, the Board will continue to seek cost reductions, as it has done this year, to ensure financial sustainability.

## 4 Budget Assumptions

4.1 The budget has been constructed on the basis of the following assumptions:

- A budget provision for pay inflation of 3% for 2023/24 has been included, as well as indicative estimates of 2.5% assumed for 2024/25 and 2025/26;
- Employee turnover is assumed at 4%, meaning that a net 96% of the total required employee cost is budgeted;
- Cost reductions of £51k have been identified, as outlined below;
- Non-pay pressures of £16k have been identified, predominantly for increased utility costs; and
- Legislative changes as outlined in paragraphs 5.2 and 5.4 below have been incorporated, resulting in a further reduction in net costs of £25k.

4.2 The estimates presented for 2023/24 and beyond assume a level of funding from the constituent authorities towards the cost of implementing recommendations from the Barclay Review. This is outlined in the local government settlement from the Scottish Government as follows, and remains unchanged from 2022/23:

| <b>Member Council</b>     | <b>2023/24</b> |
|---------------------------|----------------|
| East Renfrewshire Council | £0.101m        |
| Inverclyde Council        | £0.114m        |
| Renfrewshire Council      | £0.277m        |
| <b>Total</b>              | <b>£0.492m</b> |

For clarity, this funding will be passed through by each Council to the RVJB in full, in addition to the requisition outlined in Section 6 below.

## 5 Financial Overview

5.1 The funding settlement beyond 2023/24 is uncertain and it is recognised that over the medium term, the funding position of local government across Scotland is particularly challenging. However, the Board has, in recent years, identified recurring efficiencies in order to remain sustainable and to keep

requisition increases to a minimum and it will continue to do so. As noted above, £51k of cost reductions have been identified in the 2023/24 budget, as follows:

- ICT software development reprofiling £16k
- Reduction in Property costs for Robertson Centre £14k
- Staffing adjustments, including Canvassers £12k
- Other identified efficiencies £9k

- 5.2 The Board's responsibility for funding the Renfrewshire Valuation Appeal Panel will cease with effect from the 1 April 2023, when the relevant functions of the Panel will transfer to Scottish Courts and Tribunal Service. While each council will likely face a downward redetermination in funding in line with this move, it also removes a £25k cost for the Board, previously used to fund the Appeal Panel's duties.
- 5.3 Should any one-off costs transpire from the transfer of duties, this is expected to be managed within existing budgets. If this is not possible, it is proposed to draw further from revenue reserves to cover.
- 5.4 A further pressure incorporated into the budget is a new burden on Assessors and Electoral Registration Officers to issue new voter identification cards for use in UK general elections. This will be required only where a registered voter does not have an accepted form of photo ID and is estimated to affect around 6% of the population. Funding of £8.6k has been confirmed by the UK Government to support this new obligation. This, along with matched expenditure, is included in the Revenue Estimates for 2023/24.
- 5.5 Renfrewshire Council is undertaking a strategic review of its property portfolio and the Robertson Centre has been identified as in scope for review. Should this result in expenditure associated with a move of premises then, it is anticipated that any one-off moving costs would be met either from within existing budgets, or from reserves. The Board will be kept apprised as and when further information emerges on this.
- 5.6 The projected reserves position of the Joint Board at the end of the 2022/23 financial year is estimated to amount to 27.6% of net expenditure. The level deemed prudent by the Treasurer, in terms of ensuring financial sustainability and managing the financial risks outlined above facing the Board, is 5% of net expenditure. The Revenue Estimates 2023/24 propose a managed use of reserves to support ongoing budget pressures and reduce reserves to an appropriate level.

## 6 Requisitions payable by Member Councils

6.1 The distribution of Requisitions payable by member councils is based on the percentage proportions of GAE constituents for the previous financial year. For 2023/24 allocations, the GAE figures for 2022/23 have been used.

| GAE (Green Book) Allocation 2022/23 | Collection of Local Tax | Collection of Non-Domestic Rates | Electoral Registration | Total            | Total %        |
|-------------------------------------|-------------------------|----------------------------------|------------------------|------------------|----------------|
| East Renfrewshire                   | 625,822                 | 160,037                          | 101,073                | 886,932          | 20.44%         |
| Inverclyde                          | 618,561                 | 214,977                          | 99,901                 | 933,439          | 21.51%         |
| Renfrewshire                        | 1,404,582               | 887,023                          | 226,847                | 2,518,452        | 58.05%         |
| <b>Total</b>                        | <b>2,648,965</b>        | <b>1,262,037</b>                 | <b>427,821</b>         | <b>4,338,823</b> | <b>100.00%</b> |

6.3 The proposed overall 2023/24 requisition level for member authorities has been retained at the 2022/23 level of £2,342,180 in recognition of the local government funding environment. Individual council requisitions are outlined below; due to minor changes in GAE allocations for 2022/23, there is a small redistribution between constituent councils in 2023/24.

6.4 This budget also incorporates draft requisition increases of 2% for 2024/25 and 2025/26; these are indicative only and will be kept under review over the next two years. As increases at this level are significantly above the movement in the local government settlement, they are recognised as being challenging for councils to fund. Consequently, it is likely that increasingly flexible use of reserves and a requirement for ongoing efficiency measures will continue to feature in setting future budgets.

6.4 The total requisitions payable by each authority for 2023/24, including the full pass-through of Barclay funding, are proposed as follows:

| Member Council    | Barclay Requisition | Core Requisition | Total 2023/24    |
|-------------------|---------------------|------------------|------------------|
| East Renfrewshire | 101,000             | 478,742          | 579,742          |
| Inverclyde        | 114,000             | 503,803          | 617,803          |
| Renfrewshire      | 277,000             | 1,359,635        | 1,636,635        |
| <b>Total</b>      | <b>492,000</b>      | <b>2,342,180</b> | <b>2,834,180</b> |

## Appendix 1: Revenue Budget Estimates 2023/24 to 2025/26

### Renfrewshire Valuation Joint Board

|  | Approved Budget 2022/23 | Forecast Outturn 2022/23 | Proposed Budget 2023/24 | Indicative Budget 2024/25 | Indicative Budget 2025/26 |
|--|-------------------------|--------------------------|-------------------------|---------------------------|---------------------------|
| Employees                                  | 2,197,356.00            | 2,072,081.00             | 2,255,603.00            | 2,312,000.00              | 2,369,794.00              |
| Premises Related                           | 187,530.00              | 192,473.00               | 179,465.00              | 178,435.00                | 178,435.00                |
| Supplies and Services                      | 427,850.00              | 379,834.00               | 379,260.00              | 376,268.00                | 371,765.00                |
| Support Services                           | 98,810.00               | 102,079.00               | 105,330.00              | 107,437.00                | 110,123.00                |
| Transfer Payments                          | 22,822.00               | 24,822.00                | 24,822.00               | 25,285.00                 | 25,897.00                 |
| Transport Related                          | 17,282.00               | 13,282.00                | 15,000.00               | 11,999.00                 | 9,970.00                  |
| <b>Gross Expenditure</b>                   | <b>2,951,650.00</b>     | <b>2,784,571.00</b>      | <b>2,959,480.00</b>     | <b>3,011,424.00</b>       | <b>3,065,984.00</b>       |
| Sales, fees and charges                    | (25,500.00)             | (27,833.00)              | (25,500.00)             | (25,500.00)               | (25,500.00)               |
| Temporary interest                         | (1,000.00)              | (1,000.00)               | (2,000.00)              | (2,000.00)                | (2,000.00)                |
| Government Funding                         | 0.00                    | (8,791.00)               | (8,600.00)              | (8,600.00)                | 0.00                      |
| <b>Gross Income</b>                        | <b>(26,500.00)</b>      | <b>(37,624.00)</b>       | <b>(36,100.00)</b>      | <b>(36,100.00)</b>        | <b>(27,500.00)</b>        |
| <b>Net Expenditure</b>                     | <b>2,925,150.00</b>     | <b>2,746,947.00</b>      | <b>2,923,380.00</b>     | <b>2,975,324.00</b>       | <b>3,038,484.00</b>       |
| Core Requisition                           | (2,342,180.00)          | (2,342,180.00)           | (2,342,180.00)          | (2,389,024.00)            | (2,436,804.00)            |
| Barclay Requisition                        | (492,000.00)            | (492,000.00)             | (492,000.00)            | (492,000.00)              | (492,000.00)              |
| Transfer to/(from) Reserves                | (90,970.00)             | 0.00                     | (89,200.00)             | (94,300.00)               | (109,680.00)              |
| <b>Funding</b>                             | <b>(2,925,150.00)</b>   | <b>(2,834,180.00)</b>    | <b>(2,923,380.00)</b>   | <b>(2,975,324.00)</b>     | <b>(3,038,484.00)</b>     |
| <b>Use of / (Contribution to) Reserves</b> | <b>0.00</b>             | <b>(87,233.00)</b>       | <b>0.00</b>             | <b>0.00</b>               | <b>0.00</b>               |

| Annual Movement in Core Requisition | 1.80% | 1.80% | 0.00% | 2.00% | 2.00% |
|-------------------------------------|-------|-------|-------|-------|-------|
|-------------------------------------|-------|-------|-------|-------|-------|

| Forecast Reserves Position             | 2022/23<br>£   | 2022/23<br>£   | 2023/24<br>£   | 2024/25<br>£   | 2025/26<br>£   |
|--|----------------|----------------|----------------|----------------|----------------|
| Projected balance at 1 April           | 675,140        | 672,057        | 759,290        | 670,090        | 575,790        |
| Less: Election Funding carried forward | (156,054)      | 0              | 0              | 0              | 0              |
| Projected underspend at 31 March       | 152,971        | 87,233         | 0              | 0              | 0              |
| Use of Reserves per budget             | (90,970)       | 0              | (89,200)       | (94,300)       | (109,680)      |
| <b>Balance at 31 March</b>             | <b>581,087</b> | <b>759,290</b> | <b>670,090</b> | <b>575,790</b> | <b>466,110</b> |
| % of Net Expenditure                   | 19.87%         | 27.64%         | 22.92%         | 19.35%         | 15.34%         |

| Requisition Allocation 2023/24 | Core Requisition 2023/24 | Core Requisition 2022/23 | Movement £ | Movement %   |
|--------------------------------|--------------------------|--------------------------|------------|--------------|
| East Renfrewshire              | 478,742                  | 479,444                  | (702)      | -0.15%       |
| Inverclyde                     | 503,803                  | 504,740                  | (937)      | -0.19%       |
| Renfrewshire                   | 1,359,635                | 1,357,996                | 1,639      | 0.12%        |
| <b>Total</b>                   | <b>2,342,180</b>         | <b>2,342,180</b>         | <b>0</b>   | <b>0.00%</b> |

| Requisition Allocation 2023/24 | Barclay Requisition per Settlement | Core Requisition | Total Requisition | Total Requisition 2024/25 | Total Requisition 2025/26 |
|--------------------------------|------------------------------------|------------------|-------------------|---------------------------|---------------------------|
| East Renfrewshire              | 101,000                            | 478,742          | 579,742           | 589,317                   | 599,083                   |
| Inverclyde                     | 114,000                            | 503,803          | 617,803           | 627,879                   | 638,157                   |
| Renfrewshire                   | 277,000                            | 1,359,635        | 1,636,635         | 1,663,828                 | 1,691,564                 |
| <b>Total</b>                   | <b>492,000</b>                     | <b>2,342,180</b> | <b>2,834,180</b>  | <b>2,881,024</b>          | <b>2,928,804</b>          |