

RENFREWSHIRE VALUATION JOINT BOARD

To: Renfrewshire Valuation Joint Board

On: 23 February 2024

Report by: The Treasurer

Heading: Revenue Estimates 2024/25 to 2026/27

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 2024/25, and indicative planning figures for 2025/26 and 2026/27.
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2 Recommendations

- 2.1 It is recommended that members:
- a) approve the 2024/25 Revenue Estimates as submitted at Appendix 1;
 - b) approve the recommendations with regards requisitions for constituent authorities outlined in section 7;
 - c) approve the proposed use of reserves, including proposals in paragraphs 6.4 and 6.5; and
 - d) note the indicative estimates for 2025/26 and 2026/27.
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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 2024/25 along with an indicative projected position for 2025/26 and 2026/27 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 19 December 2023 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 2024/25 has been included, as well as indicative estimates of 3% assumed for 2025/26 and 2026/27;
- Employee turnover is assumed at 4%, meaning that a net 96% of the total required employee cost is budgeted;
- Following the Strathclyde Pension Fund's triannual actuarial valuation, an adjustment has been made to reflect the reduction in employers' superannuation contributions as advised by Strathclyde Pension Fund (SPF) with further detail provided in section 5; and
- Non-staffing costs are budgeted to increase by £39.3k when grant funded expenditure is excluded, as outlined in section 6.1.

4.2 The estimates presented for 2024/25 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:

Member Council	2023/24
East Renfrewshire Council	£0.104m
Inverclyde Council	£0.117m
Renfrewshire Council	£0.285m
Total	£0.506m

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 Strathclyde Pension Fund

5.1 Following actuarial review (the triennial valuation), Strathclyde Pension Fund has advised that, as a result of higher than anticipated returns from investments, the pension fund is 147% funded against current and anticipated future commitments. For this reason, employer contribution rates for the coming three years have been adjusted. Employer contributions are currently

25% for the Board; however, these rates will be adjusted to 6.5% in 2024/25, 6.5% in 2025/26 and 17.5% in 2026/27. It should be noted that there is no impact on employee pension contribution rates, and individual pension entitlement is unaffected.

- 5.2 The recurring saving from this rate move of 25% to 17.5% is £119k, and is reflected in the base budget from 2024/25 onwards.
- 5.3 The in-year cash saving from 17.5% to 6.5% in 2024/25 and 2025/26 is estimated to be a further £175k each year. This cash saving is intended as a contribution to reserves, then used to support lower net requisition increases over the medium term.
- 5.4 For this reason, the figures presented in Appendix 1 show the **Budget** position (with employer pension contributions at **17.5%**) and also the **Forecast Outturn** position for the next two years, with employer pension contributions at **6.5%**.

6 Financial Overview

- 6.1 The funding settlement beyond 2024/25 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.
- 6.2 As noted above, £39.3k of non-staffing cost increases have been identified in the 2024/25 budget, arising from an increase ICT software costs of £38.8k (of which £10.1k is non-recurring) and other various costs amounting to £4.9k, offset by reductions in Property Costs for the Robertson Centre of £4.4k.
- 6.3 A further pressure incorporated into the budget are new burdens on Electoral Registration Officers as a result of the Elections Act; these include issue of Voter Authority Certificates for use in UK Parliamentary elections, changes to absent voting arrangements in UK Parliamentary Elections, and changes to the franchise for Overseas electors. Funding of £148k has been confirmed by the UK Government to support this new obligation for 2024/25, and this is included as budgeted income, along with a single expenditure line, with further details of the type of spend to be reported to the Board once fully identified.
- 6.4 Renfrewshire Council is undertaking a strategic review of its property portfolio and has indicated that the Board's lease for the Robertson Centre will end in March 2025. 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 appraised of this as and when further information emerges.

- 6.5 The projected reserves position of the Board at the end of the 2023/24 financial year is estimated to amount to 28.97% 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. These Revenue Estimates, therefore, propose a managed use of reserves to support ongoing budget pressures and reduce reserves to an appropriate level.

7 Requisitions payable by Member Councils

- 7.1 The distribution of requisitions payable by member councils is based on the percentage proportions of GAE constituents for the previous financial year. For 2024/25 allocations, the GAE figures for 2023/24 have been used.

GAE (Green Book) Allocation 2023/24	Collection of Local Tax	Collection of Non- Domestic Rates	Electoral Registration	Total	Total %
East Renfrewshire	629,478	163,123	101,664	894,265	20.56%
Inverclyde	618,118	215,610	99,829	933,556	21.47%
Renfrewshire	1,406,134	887,663	227,098	2,520,895	57.97%
Total	2,653,729	1,266,396	428,590	4,348,716	100.00%

- 7.2 The proposed overall 2024/25 requisition level for member authorities has been retained at the 2022/23 level of £2,342,180 as the proposed 1% increase as been offset by an in-year discount in recognition of the superannuation reduction.
- 7.3 Individual council requisitions are outlined below. Due to minor changes in GAE allocations for 2023/24, there is a small redistribution between constituent councils in 2023/24; however this is negated by the proposed in-year discount.
- 7.4 This budget also indicates requisition increases of 1% for 2025/26 and 2% for 2026/27, with both years also including an in-year discount to mitigate the additional cost to constituent authorities.
- 7.5 Budgets for 2025/26 and 2026/27 are indicative only and will be kept under review over the next two years. Consequently, it is likely that the flexible use of reserves and a requirement for ongoing efficiency measures will continue to feature in setting future budgets.

- 7.6 The total requisitions payable by each authority for 2024/25, including the full pass-through of Barclay funding and the in-year discounts, are as follows:

Member Council	Barclay Requisition	Core Requisition including in-year discount	Total 2024/25
East Renfrewshire	104,000	481,552	585,552
Inverclyde	117,400	502,866	620,266
Renfrewshire	285,300	1,357,762	1,643,062
Total	506,700	2,342,180	2,848,880

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

Renfrewshire Valuation Joint Board

	Approved Budget 2023/24	Forecast Outturn 2023/24	Proposed Budget 2024/25	Forecast Outturn 2024/25	Total Adjustments 2023/24	Indicative Budget 2025/26	Forecast Outturn 2025/26	Indicative Budget 2026/27
Employees	2,247,003	2,177,895	2,302,225	2,126,513	55,222	2,397,294	2,221,583	2,469,213
Premises Related	179,465	173,149	175,083	175,083	(4,382)	132,083	132,083	132,083
Supplies and Services	387,860	427,549	434,867	434,867	47,007	424,730	424,730	424,730
Government Grant expenditure	0	0	148,095	148,095	148,095	0	0	0
Support Services	105,330	109,921	108,999	108,999	3,669	112,269	112,269	115,637
Transfer Payments	24,822	19,727	23,918	23,918	(904)	24,636	24,636	25,375
Transport Related	15,000	7,000	7,000	7,000	(8,000)	7,000	7,000	7,000
Gross Expenditure	2,959,480	2,915,241	3,200,187	3,024,475	240,707	3,098,012	2,922,301	3,174,038
Sales, fees and charges	(25,500)	(31,051)	(25,500)	(25,500)	0	(25,500)	(25,500)	(25,500)
Temporary interest	(2,000)	(2,000)	(2,000)	(15,000)	0	(8,000)	(8,000)	(5,000)
Government Funding	(8,600)	(28,147)	(148,095)	(148,095)	(139,495)	0	0	0
Gross Income	(36,100)	(61,198)	(175,595)	(188,595)	(139,495)	(33,500)	(33,500)	(30,500)
Net Expenditure	2,923,380	2,854,043	3,024,592	2,835,880	101,212	3,064,512	2,888,801	3,143,538
Core Requisition	(2,342,180)	(2,342,180)	(2,365,602)	(2,365,602)	(23,422)	(2,389,258)	(2,389,258)	(2,437,043)
Core Requisition In-Year Discount	0	0	23,422	23,422		47,078	47,078	94,863
Barclay Requisition	(492,000)	(492,000)	(506,700)	(506,700)	(14,700)	(506,700)	(506,700)	(506,700)
Funding	(2,834,180)	(2,834,180)	(2,848,880)	(2,848,880)	(38,122)	(2,848,880)	(2,848,880)	(2,848,880)
Use of / (Contribution to) Reserves	89,200	19,863	175,710	(13,000)	63,090	215,632	39,921	294,658
Annual Movement in Core Requisition			1.00%	1.00%		1.00%	1.00%	2.00%

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

Renfrewshire Valuation Joint Board

Forecast Reserves Position	2023/24 £	2023/24 £	2024/25 £	2024/25 £	2025/26 £	2025/26 £	2026/27 £
Projected balance at 1 April	846,693	846,693	826,830	826,830	651,120	839,831	799,910
Projected variance at 31 March	(89,200)	(19,863)	(175,710)	13,000	(215,632)	(39,921)	(294,658)
Balance at 31 March	757,493	826,830	651,120	839,831	435,488	799,910	505,252
% of Net Expenditure	25.91%	28.97%	21.53%	29.61%	14.21%	27.69%	16.07%

Requisition Allocation 2024/25	Barclay Requisition	Core Requisition including in-year discount	Total Requisition	Total Requisition 2025/26 including in-year discount	Total Requisition 2026/27 including in-year discount
East Renfrewshire	104,000	481,552	585,552	585,552	585,552
Inverclyde	117,400	502,866	620,266	620,266	620,266
Renfrewshire	285,300	1,357,762	1,643,062	1,643,062	1,643,062
Total	506,700	2,342,180	2,848,880	2,848,880	2,848,880