

RENFREWSHIRE VALUATION JOINT BOARD

To: Renfrewshire Valuation Joint Board

On: 25 February 2022

Report by: The Treasurer

Heading: Revenue Estimates 2022/23 to 2024/25

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 2022/23 and indicative planning figures for 2023/24 and 2024/25.
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2 Recommendations

- 2.1 It is recommended that members:
- a) approve the 2022/23 Revenue Estimates as submitted at Appendix 1;
 - b) approve the recommendations with regards requisitions for constituent authorities outlined in section 6
 - c) note the indicative estimates for 2023/24 and 2024/25.
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3 Background

- 3.1 The annual Revenue Estimates process each year outlines the summary revenue budget position for the organisation. The budget estimates provided in Appendix 1 outline the proposed requisition for 2022/23 along with an indicative projected position for 2023/24 and 2024/25 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 10 December 2021 included further resources relating to specific ongoing pressures caused by the ongoing COVID-19 pandemic. The settlement announced was for a single financial year only, adding some uncertainty to financial forecasts. It is recognised that local government in Scotland is likely to face a challenging

recovery over the short to medium term and could face further contraction in available resources, relating to the provision of revenue grant from the Scottish Government. In this context, the Board will continue to seek operational savings 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 in line with the Scottish Government's proposed public pay policy for 2022/23 has been included, as well as pay increases of 2% and 2.5% assumed in 2023/24 and 2024/25 indicative figures respectively;
- The employer National Insurance budget has been increased to fund the 1.25% Social Care Levy effective from 1 April 2022;
- Employee turnover is assumed at 4%, meaning that a net 96% of the total required employee cost is budgeted;
- Savings of have been identified within Canvasser and Transport costs, some of which will fund anticipated energy cost increases; and
- In line with previous years' practice, no inflation allowance has been made for any non-pay expenditure lines.

4.2 The estimates presented for 2022/23 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	2022/23
East Renfrewshire Council	£0.101m
Inverclyde Council	£0.114m
Renfrewshire Council	£0.277m
Total	£0.492m

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 2022/23 is uncertain and it is recognised over the medium term that the funding position of local government across Scotland is likely to involve further contraction. 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. Almost £12,000 of savings were identified in the 2022/23 budget, within Canvasser and Transport costs. Around £1,000 is transferred to fund the anticipated rise in energy costs.

- 5.2 The Board will continue to face pressures associated with COVID-19 appeals, which must be disposed of by 31 December 2022. There are around 5,500 of these appeals. The consultation on the Non Domestic Rates (Coronavirus)(Scotland) Bill recently closed and the final Bill will help inform how these appeals should be treated.
- 5.3 A further pressure is valuation work relating to Fixed Line Telecommunications (FLT). The Assessor for Renfrewshire is the “Designated Assessor” for FLT throughout Scotland and should there be an appeal against any of the valuations for these subjects, the Board could incur substantive legal costs defending it. There will also be costs relating to the preparation of some of these valuations in 2022, arising from the tone year for Scotland moving to a later date than England and Wales. This means that economic modelling work carried out for the UK will require to be updated for Scotland.

For both of these potential cost areas, which are not expected to be regular annual costs, negotiations would be pursued with the Scottish Government regarding funding; this means that no such costs have been incorporated into the revenue estimates that affect council requisitions.

- 5.4 The projected reserves position of the Joint Board at the end of the 2021/22 financial year is estimated to amount to 18.55% of net expenditure. Part of this balance (£24k) will be earmarked in 2022/23 to fund the economic modelling work referred to in paragraph 5.3 above. This is expected to be incurred every three years.
- 5.5 The level deemed prudent by the Treasurer in terms of ensuring financial sustainability and managing the financial risks outlined above facing the Joint Board is 5% of net expenditure.

6 Requisitions payable by Member Councils

- 6.1 The Board agreed on 29 May 2020 that the allocation of the requisition across the constituent authorities in 2021/22 would be based on the percentage proportions of GAE constituents used in 2019/20. This agreement arose from the distorting effect of a large self-storage facility based in Renfrewshire, which skewed the GAE figures, and the position was to be reviewed annually. The Assessor has confirmed that the position is no longer considered to be a

temporary anomaly and therefore the requisition allocation for 2022/23 and beyond is based on the actual 2021/22 GAE figures.

- 6.2 Furthermore, it was recommended by the Board in February 2021 that the new GAE methodology, being the merger of the constituent for land valuation with collection and the merger of the constituent for council tax valuation with local tax collection, should be adopted in full from 2022/23.

GAE Allocation 2021/22	Collection of Local Tax	Collection of Non-Domestic Rates	Electoral Registration	Total	Total %
East Renfrewshire	623,566	161,955	100,709	886,230	20.47%
Inverclyde	618,097	214,957	99,826	932,880	21.55%
Renfrewshire	1,400,728	883,246	226,224	2,510,198	57.98%
Total	2,642,391	1,260,158	426,759	4,329,308	100.00%

- 6.3 The proposed overall 2022/23 requisition level for member authorities is £2,342,180, which is a 1.0% increase on 2021/22 the level. Individual council requisitions are outlined below. These figures also incorporate draft requisition increases of 1.5% for 2023/24 and 2.0% for 2024/25; 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 2022/23, including the full pass-through of Barclay funding, are proposed as follows:

Member Council	Barclay Funding	Core Requisition	Total 2022/23
East Renfrewshire	101,000	479,444	580,444
Inverclyde	114,000	504,740	618,740
Renfrewshire	277,000	1,357,996	1,634,996
Total	492,000	2,342,180	2,834,180

Appendix 1: Revenue Budget Estimates 2022/23 to 2024/25

Renfrewshire Valuation Joint Board

	Approved Budget 2021/22	Forecast Outturn 2021/22	Proposed Budget 2022/23	Indicative Budget 2023/24	Indicative Budget 2024/25
Employee costs	2,126,003.00	2,021,957.00	2,197,356.00	2,241,310.00	2,297,337.00
Premises Related	187,530.00	198,160.00	187,530.00	186,500.00	186,500.00
Supplies and Services	427,850.00	444,273.00	427,850.00	424,858.00	420,355.00
Support Services	96,880.00	97,954.00	98,810.00	100,786.00	103,306.00
Transfer Payments	22,822.00	22,822.00	22,822.00	23,278.00	23,860.00
Transport Related	20,000.00	5,000.00	17,282.00	14,281.00	12,251.00
Gross Expenditure	2,881,085.00	2,790,166.00	2,951,650.00	2,991,013.00	3,043,609.00
Sales, fees and charges	(25,500.00)	(26,500.00)	(25,500.00)	(25,500.00)	(25,500.00)
Temporary interest	(1,000.00)	(1,000.00)	(1,000.00)	(1,200.00)	(1,250.00)
Gross Income	(26,500.00)	(27,500.00)	(26,500.00)	(26,700.00)	(26,750.00)
Net Expenditure	2,854,585.00	2,762,666.00	2,925,150.00	2,964,313.00	3,016,859.00
Core Requisition	(2,318,990.00)	(2,318,990.00)	(2,342,180.00)	(2,377,313.00)	(2,424,859.00)
Barclay Requisition	(455,465.00)	(455,465.00)	(492,000.00)	(492,000.00)	(492,000.00)
Transfer to/(from) Reserves	(80,130.00)	(80,130.00)	(90,970.00)	(95,000.00)	(100,000.00)
Funding	(2,854,585.00)	(2,854,585.00)	(2,925,150.00)	(2,964,313.00)	(3,016,859.00)
Use of / (Contribution to) Reserves	0.00	(91,919.00)	0.00	0.00	0.00

Annual Movement in Core Requisition	1.80%	1.80%	1.00%	1.50%	2.00%
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	2021/22 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Forecast Reserves Position					
Projected balance at 1 April	804,508	675,139	530,873	439,903	344,903
Less: Election Funding carried forward	(194,976)	(156,055)	0	0	0
Projected underspend at 31 March	0	91,919	0	0	0
Use of Reserves per budget	(80,130)	(80,130)	(90,970)	(95,000)	(100,000)
Balance at 31 March	529,402	530,873	439,903	344,903	244,903
% of Net Expenditure	18.55%	19.22%	15.04%	11.64%	8.12%

	Core Requisition 2022/23	Core Requisition 2021/22	Movement £	Movement %
Requisition Allocation 2022/23				
East Renfrewshire	479,444	479,275	169	0.04%
Inverclyde	504,740	534,191	(29,451)	-5.51%
Renfrewshire	1,357,996	1,305,524	52,472	4.02%
Total	2,342,180	2,318,990	23,190	1.00%

	Barclay Requisition per Settlement	Core Requisition	Total Requisition	Total Requisition 2023/24	Total Requisition 2024/25
Requisition Allocation 2022/23					
East Renfrewshire	101,000	479,444	580,444	587,636	597,369
Inverclyde	114,000	504,740	618,740	626,311	636,557
Renfrewshire	277,000	1,357,996	1,634,996	1,655,366	1,682,933
Total	492,000	2,342,180	2,834,180	2,869,313	2,916,859