

RENFREWSHIRE VALUATION JOINT BOARD

To: Renfrewshire Valuation Joint Board

On: 15 January 2016

Report by: The Treasurer

Heading: Revenue Budget 2016/17

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 for 2016/17 and to establish the 2016/17 requisition.

2 Recommendations

2.1 It is recommended that members:

- (a) approve the 2016/17 Revenue Estimates as submitted at Appendix 1 and the requisitions for constituent authorities as submitted at Appendix 2;
 - (b) approve the utilisation of balances during 2016/17 as detailed at Appendix 1;
 - (c) note that the 2017/18 revenue budget and associated requisition levels will be developed in future years once member council grant levels have been confirmed;
 - (d) request the Assessor to carry out a further service review in order to develop a sustainable and affordable staffing structure and identify further savings options to be reported to a future meeting of the Joint Board.
-

3 Background

- 3.1 At its meeting of 14 January 2011, following the announcement of significant reductions in local government grant funding, the Joint Board agreed to implement a range of savings designed to reduce member authority requisitions by 4.0%, 1.7% and 1.7% respectively in each year from 2011/12 to 2013/14. These measures achieved an overall reduction in annual requisitions of £178,000 to the current 2015/16 level of £2,281,800 per annum.
- 3.2 Local government in Scotland is, once again, facing a significant contraction in the levels of available resources relating, predominantly, to the provision of revenue grant from the Scottish Government. In this context it is recognised that this is likely to have a consequential impact on the level of requisition funding available to the Joint Board over the medium term. At present, only the local government grant settlement position for 2016/17 has been announced by the Scottish Government, with figures for 2017/18 and beyond potentially not emerging until the second half of 2016. In this context and recognising the uncertainty over the level of financial contraction which local government is likely to face over the medium term, no indicative budget figures are provided for 2017/18. It would be anticipated that, at this point next year, a 2017/18 budget and medium term planning figures will be presented in the context of a firmer medium term financial outlook for member councils.
- 3.3 At its meeting of 16 January 2015 the Joint Board agreed to the utilisation of up to £0.200m of reserves to meet the costs associated with Voluntary Redundancy / Voluntary Early Retirement arising from a review of staffing levels. Following the receipt of expressions of interest from a number of staff, it has been agreed that two members of staff will leave under the Voluntary Redundancy / Voluntary Early Retirement scheme on 31 March 2016. The costs to be met from reserves have been calculated at £0.114m with net annual savings of £0.067m from 2016/17.
- 3.4 Following the introduction of Individual Electoral Registration in 2014/15, the Cabinet Office has provided funding for any additional costs incurred as a result of additional duties undertaken during the transition period. From 2016 the responsibility for this activity will be devolved to the Scottish Government. It is presently unclear how this will impact on the funding arrangements.

4 Budget Assumptions

- 4.1 The budget has been constructed on the basis of the following assumptions:-
- A budget provision for inflation on employee costs has been included at 1% for 2016-17 reflecting the nationally agreed pay uplift;
 - A budget provision for additional employer's national insurance contributions has been included following the introduction of the new state pension arrangements from 2016-17;

- In line with previous years' practice no inflation adjustment has been made to all non-pay expenditure lines;
- Adjustments have been made to specific budget lines to reflect operational experience in relation to:
 - employee costs - a budgeted staffing turnover assumption of 4% has been applied;
 - property costs – increased non domestic rates costs;
 - supplies and services – increased costs for PSN compliance;
 - sales, fees and charges – reduced income from sales;
 - requisitions – requisition levels have been reduced by 3% as an initial contribution towards the impact of the contraction in local government funding.

4.2 Account has been taken of the ongoing costs of implementing the Individual Electoral Registration scheme during 2016/17 and this has been matched by additional budgeted income. In the event that the requirements of the scheme continue to be met by the Joint Board but matching funding is not provided by either the Cabinet Office or the Scottish Government, a draw on reserves may be required to meet these costs.

4.3 The Assessor will continue to control expenditure on a "bottom line" basis in order that the effective management of RVJB operational finances continues. This allows the Assessor some flexibility in controlling expenditure within the agreed overall budget to ensure that his statutory obligations are met. Any significant factors which affect either expenditure or income would be reported to Members at the earliest opportunity.

5 Financial Overview

5.1 Details of the local government grant settlement for 2016/17 were issued on 16 December 2015 and presented a significant contraction of the resources available to local government. Recognising the financial pressures on councils, the requisition income available to the Renfrewshire Valuation Joint Board has been modelled on a 3% reduction, equating to £0.068m, in 2016/17.

5.2 The funding settlement for 2017/18 and beyond is uncertain and it is recognised that over the medium term the funding position of local government across Scotland is likely to involve a further period of contraction. The level of which is unlikely to emerge until the second half of 2016. However, it is currently anticipated that the Board will require to identify further recurrent savings from 2017/18 and, to this end, the Assessor will undertake a further review of the service in order to identify saving options. A report on the outcome of this review will be presented to the Board for consideration during 2016.

- 5.3 The Board will continue to face pressures associated with the EU Referendum, the ongoing Non Domestic Revaluation plus the ongoing additional costs of Electoral Registration highlighted at 4.2 above. In addition, there is the potential of additional work arising from the restoration of Shootings and Deer Forests into the Valuation Roll and any work following from the Commission on Local Tax Reform and the NDR Review announced by the Deputy First Minister on 16 December 2015.
- 5.4 The 2014/15 Annual Accounts confirmed available balances of £0.591m. It is anticipated that £0.032m will be drawn down during 2015/16 leaving a balance of £0.559m. Following the use of £0.114m to support VR/VER costs, as detailed at paragraph 3.3, the level of resources going forward into 2016/17 is anticipated at £0.445m.
- 5.5 The reduction in requisition income represents a considerable challenge for the Joint Board. In order to meet this whilst maintaining an acceptable level of service delivery, the impact of the reductions will be spread over 2016/17 and 2017/18 through the use of £0.109m of available balances. It is therefore estimated that the working balances available at the end of 2016/17 will be £0.336m which is 14% of the Joint Board's core turnover. In the context of the wider financial environment this is viewed as being a prudent level at which to maintain unallocated reserves in order to protect against any unforeseen costs or financial risks which may arise in the future.

6 Requisitions payable by Member Councils

- 6.1 As approved by the Joint Board at a meeting on 18 February 2000 the allocation of the requisition across the constituent authorities will be based on the percentage proportions of the GAE. The analysis of the 2015/16 GAE for constituent member authorities is as follows:-

Council	Council Tax Valuation	Land Valuation	Electoral Registration	TOTAL	Total %
East Renfrewshire	150,000	140,000	101,000	391,000	20.50%
Inverclyde	154,000	187,000	104,000	445,000	23.30%
Renfrewshire	334,000	512,000	225,000	1,071,000	56.20%
TOTAL RVJB	638,000	839,000	430,000	1,907,000	

- 6.2 The proposed overall requisition level for member authorities is proposed at £2,213,300 which is a 3% reduction against 2015/16 requisition levels. Individual member requisition levels are detailed in Appendix 2.

RENFREWSHIRE VALUATION JOINT BOARD

REVENUE ESTIMATES 2016/17 TO 2017/18

OVERVIEW

	Approved 2015/16	Probable 2015/16	Core With VER Savings 2016/17	IER 2016/17	Total 2016/17
	£	£			£
Expenditure					
Employee costs	1,735,400	1,834,600	1,695,400	105,600	1,801,000
Property costs	233,300	240,900	241,500	-	241,500
Supplies and Services	59,500	72,400	79,900	-	79,900
Contractors	25,000	10,000	25,000	-	25,000
Administration costs	265,100	370,200	267,300	52,800	320,100
Payments to Other Bodies	19,700	18,600	19,700	-	19,700
Required Savings					-
Total Expenditure	2,338,000	2,546,700	2,328,800	158,400	2,487,200
Income					
Sales, fees and charges	14,100	5,000	5,000	-	5,000
Temporary interest	1,000	3,800	1,000	-	1,000
Income from IER scheme	-	224,400	-	158,400	158,400
Total Income	15,100	233,200	6,000	158,400	164,400
Net Expenditure	2,322,900	2,313,500	2,322,800	-	2,322,800
Funded by					
Requisitions	2,281,800	2,281,800	2,213,300	-	2,213,300
Transfer from /(to) Balances	41,100	31,700	109,500	-	-
	2,322,900	2,313,500	2,322,800	-	2,213,300
Balance	-	-	-	-	109,500
Application of Balances					
Surplus brought forward	591,440	591,440	559,740	-	559,740
Application of balances	(41,100)	(31,700)	(109,500)	-	(109,500)
VR/VER	-	-	(113,650)	-	(113,650)
Surplus carried forward	550,340	559,740	336,590	-	336,590
% of Net Expenditure	24%		14%		14%
	Approved 2015/16 £	Probable 2015/16	Core 2016/17 £	IER 2016/17	Total 2016/17 £
Requisition Analysis					
East Renfrewshire	467,800	467,800	453,700	-	453,700
Inverclyde	531,700	531,700	515,700	-	515,700
Renfrewshire	1,282,300	1,282,300	1,243,900	-	1,243,900
	2,281,800	2,281,800	2,213,300	-	2,213,300

**Estimates of Expenditure and Income for the Year Ended 31st March 2017
Renfrewshire Valuation Joint Board
Requisition Payable by Member Councils**

		2015/16 £	2016/17 £
EAST RENFREWSHIRE	20.5%	467,800	453,700
INVERCLYDE	23.3%	531,700	515,700
RENFREWSHIRE	56.2%	1,282,300	1,243,900
		2,281,800	2,213,300

Requisition Payment	
£	£
37,900	37,800
42,700	43,000
103,200	103,700

Due Dates	
08-Apr-16	06-May-16 03-Jun-16 08-Jul-16 05-Aug-16 02-Sep-16 07-Oct-16 04-Nov-16 02-Dec-16 06-Jan-17 03-Feb-17 03-Mar-17