



Renfrewshire Valuation Joint Board

Report to: Renfrewshire Valuation Joint Board
Meeting on: 19 August 2016
Subject: Budgetary Risks and Future Restructuring
Author: Assessor & Electoral Registration Officer

1.0 Introduction

The Board will be aware the ongoing challenges and risks arising from reductions in financial settlements. This Board will also be aware of the steps taken to date to work within tightened budgets while continuing to meet the statutory requirements in terms of service delivery for Valuation Services and Electoral Registration.

The purpose of this report is to consider the ongoing risks and challenges from April 2017.

2.0 Historical Actions

Earlier reports by the Treasurer show that the Joint Board's budget for 2016-17 is £2,213,300, which is a reduction of approximately 10% from the budget of £2,459,800 in 2010-2100 to. This overall reduction of 10% is before the effect of wage and other inflation is taken into account. By my estimation, that will have added a further 7% to give a real terms reduction in budget of 17%.

The budget update for this meeting will show that the Board is predicted to overspend by £79,000 in the current year. Much of this is as a result of a reduction in grant aid from the UK Government Cabinet Office – money originally designed to offset the impact of IER on the Electoral process

The majority of the Board's Budget is made up of salaries and other staff costs so the only effective and practical method of further and significant reductions to the budget is to reduce staffing levels. The opportunities to save elsewhere in the budget have already been taken by such as the closure of the Greenock office and the renegotiation of contracts.

I now have a staff of 42 (FTE) compared to 55 (FTE) in 2007. To date, I have managed shortfall by natural wastage, the "stretching" of vacancies and use of VER/VR.

The Board's Reserves have been used to offset the effects of the budget reductions and, as was agreed last January, these have been substantially reduced by the impact of VER/VR.

3.0 Future Risks

I have reached the stage where any significant reduction to available budget will put at risk the Statutory Duties of the Assessor and ERO. These duties are unavoidable but the quality of output will be put at risk:

The costs associated with Electoral Registration have risen sharply since the introduction of Individual Electoral Registration and this increase is, in the main, associated with the Annual Canvass.

The Electoral Registration Update noted by Board at the November 2015 meeting indicated that costs of Canvass had risen from £130,000 to £270,000. Until last year, the increase in cost has been offset by funding from the UK Government but we are now in a position (see above) where

the support funding does not meet the actual costs. We are in discussion with the UK Government but it is unclear whether any additional funding will be provided.

It is possible that the Canvass process will be streamlined for 2017 but that will depend upon trials being carried out for the 2016 Canvass.

Valuation is one of the few functions in Local Government where the result of the work is generation and maintenance of revenue for Councils. To ensure stability, values or bands have to be correct and have to be maintained in the face of challenge; this is not simple and requires motivated, experienced and well-trained staff working in an adversarial environment.

As I have mentioned in previous meetings, the work for the 2017 Revaluation had been advanced and existing plans and timetables had been thrown into disarray. This remains manageable but, to achieve this, some routine survey work will now take significantly longer than in the past and KPIs will inevitably suffer. General resurvey work for Domestic Properties will also be delayed.

The Revaluation will bring a fresh influx of Appeals from April 2017. Disposal of these appeals is a time-consuming and costly exercise spread over several years. This will undoubtedly increase the budget expenditure on fees for the Valuation Appeal Panel and for legal fees for the more complex appeals that find their way to a formal hearing.

The Land Reform Bill will reintroduce Rating of Shootings and Deer Forests – not a significant part of the local economy but a survey of every Agricultural Holding in this area will be required. There is no extra funding from the Scottish Government for this task.

I am the Designated Assessor for Fixed-line Telecoms, a function which arrived in 2010 with no additional funding. It is a function where the consideration of values of the largest Telecoms Companies (such as BT) is extremely complex, time-consuming and expensive in terms of time and travel. The sums involved in value are very significant and, if not properly considered and maintained, could result in a considerable loss to the Public Purse.

Although the long-term future of Council Tax is uncertain there is a proposal to vary the charge levied on Bands E to H for Council Tax from April 2017. The Scottish Government Local Government and Communities Committee will discuss the varying of charges in September. If the proposed variation goes ahead along with removal of the Council Tax “Freeze”, the impact is likely to be a surge in appeals. The vast majority of these will be invalid but each will need attention and could require final disposal by the Valuation Appeal Committee.

4.0 Mitigation

Earlier in this report it is highlighted that the largest part of our budget is staff salaries and associated costs. Any significant savings will have to be met from savings in that part of the budget.

We are working with the Treasurer to establish a sustainable future structure which will need to balance savings against the ability of the organisation to meet its statutory obligations. In the first instance, a review of the senior management structure will take place in the first half of 2017 and it is anticipated that will yield some savings in terms of staffing costs. Beyond that we will consider whether VR/VER will allow any additional savings to be made.

A more detailed report will be provided to the Board at the meeting in November. This will cover the Senior Management restructure and any other proposals in terms of savings. By that date we should know whether any further finances will be made available for IER and we should have an indication of the 2017/18 funding position.

5.0 Summary

We are in difficult financial circumstances and have, over 5 years, made significant reductions in spending without significant impact upon the Statutory Functions. The financial position is unlikely to improve in the short term and further reductions in funding are likely to have a detrimental effect on service delivery.

We will continue to work closely with the Treasurer to the Board to examine ways to cut costs while maintaining services. We will also continue to make representations to Government about making proper provision, particularly where new duties are imposed.

6.0 Recommendation

The Board notes the contents of this report.

Alasdair MacTaggart
Assessor & ERO
12th August 2016

For further information please contact Alasdair MacTaggart on 0141-618-5900 or via email at alasdair.mactaggart@renfrewshire-vjb.gov.uk