

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD**18 February 2018**

Agenda Item	7
Report No	VAL/2/18

Proposed Budget 2018/19**Report by the Assessor and Electoral Registration Officer****Summary**

This report sets out for approval a proposed revenue budget for financial year 2018/19.

1. Introduction

This budget proposal is made against a continued background of great pressures on local authority expenditure in general and at a time when the Assessor is embarking on a critical period in relation to defending the levels of value for the recently completed 2017 Revaluation. Individual Electoral Registration (IER) also continues to be an ongoing challenge. The Assessor & ERO fulfils a fundamental role both in the process of the provision of revenue to the constituent councils through council tax and non-domestic rates, and in the democratic process through his duty to compile and maintain the Electoral Register.

This report seeks to outline the various pressures placed on the Assessor & ERO in the exercise of each of his statutory duties and considers the projected associated costs under each of the main budget heads.

The budget allocation has remained generally flat since 2008, resulting in a reduction in real terms, taking inflation into account, between 2008 and 2017. While the 2016-17 budget allocation saw an increase in budget in real terms based on the previous year, the overall budget has remained flat in real terms since 2004, despite the additional demands placed on the service. The postponement of the 2015 Revaluation provided an opportunity to partly resource IER by a reallocation of staffing duties from valuation sections at times of extreme pressure. The opportunities to assist in this manner reduced as the 2017 Revaluation got underway and this will continue to be the position throughout 2018 and 2019 as we dispose of revaluation appeals. The reintroduction of shootings into the valuation roll has increased the workload on the valuation sections and will create a future burden of unknown size in relation to the associated appeals. The amount of litigation generally that will form part of the appeal process is unknown and introduces an element of risk in the budget projections, particularly in relation to legal costs.

There are no major elections scheduled for the forthcoming year and that has been taken into consideration as part of the budget process. The Cabinet Office has indicated an intention to continue to provide additional funding to assist with

additional IER expenditure, although the actual allocation is not certain at this time and there is a clear intention that the funding will reduce over time.

The proposed budget represents a best estimate of the provision necessary to allow the Assessor & ERO to carry out his statutory functions during the forthcoming year. The estimate is based on professional experience and the projected outturns from the current year and an assumed level of grant funding. It does not allow for significant contingencies or the costs that may be associated with any transformational change. There is a risk that this level of overall funding shall continue to impact on key performance indicators. The situation shall also require to be monitored to assess and mitigate the pressures that it may place on staff.

While every effort will be made to continue with the proven record of efficiency savings, the scope for such savings is diminishing.

2. Valuation for Rating

It is the Assessor's duty to compile and maintain a valuation roll and to carry out revaluations as determined by statute. The process is generally cyclical over a five year period and broadly involves preparing for and carrying out a revaluation followed by a period dealing with the consequential appeals. While most of the appeals from the 2010 revaluation have now been dealt with, there remain a very small number of cases that are scheduled to be listed for hearing by the Lands Tribunal and possible onward appeal to the Lands Valuation Appeal Court. The very nature of these appeals tends to be more complex and give rise to greater legal costs. This budget assumes that there will be no significant cases necessary to be undertaken as part of that process.

The 2017 revaluation has been completed in accordance with the Valuation Acts and associated orders. The work has involved a revaluation of around 20,000 subjects together with complying with the Assessors statutory duties as the designated Assessor for Railway Undertakings in Scotland. In addition, the reintroduction of shootings into the valuation roll has created a significant additional burden, increasing the number of subjects in the valuation roll by some 10%. While the initial valuations are largely complete it is anticipated that there will be significant appeal activity in this class of subject that may require cases to be heard at the higher courts.

The total number of Revaluation Appeals stands at 4,080 and although this represents a 10% reduction on the level of appeal in 2010, appeals against valuations for shootings remain to be added to this total. It is therefore anticipated that the final position will be at the same level or slightly above that of 2010.

3. Council Tax

The level of activity associated with council tax remains fairly stable and the regime continues in maintenance mode. The volume of new entries remains below its peak, although there continues to be a slow increase in volume over previous years and this is expected to continue.

4. Electoral Registration

Individual Electoral Registration (IER) is significantly more complex than the previous model and continues to have a large additional resourcing requirement due to additional burdens placed on ERO's. The ability to meet this workload in part by transferring resource from valuation staff is now compromised by the resourcing requirement for non-domestic rating valuation which has increased now that we have resumed the traditional five yearly cycles of revaluation and appeal disposal, following the two year postponement imposed by government.

The legislation regarding individual electoral registration is prescriptive with regard to a specific level of communication both with households and individual electors and there is no option other than to comply. This will result in a continued requirement for increased postal and printing costs as there is a specific duty to carry out an increased level of canvass activity. Once again, this is prescriptive and requires doorstep canvassing of an increased number of specified properties targeted at individual elector level. The Government is investigating ways of reducing these burdens and providing opportunities for reducing costs, but the process is limited at this stage. We have had some significant success with encouraging online completion of canvass documentation and this, together with the initiatives mentioned above, may offer some opportunity to bring about efficiencies in the medium term, although indication from other areas may suggest that we are nearing the limit of reasonable expectations with this particular initiative.

Some relief is provided by the fact that there are no planned major elections in the forthcoming year and this budget has been prepared on that basis, however there is always the prospect of by-elections which shall occur as required by events.

5. Commentary on the Proposed Budget

Against the background provided above, the following comments are made against each budget head as follows.

Staffing

The 2017-18 expected outturn under this budget head shows a predicted underspend. This was largely achieved by delaying appointments to vacant posts where possible, in an effort to make savings and allow scope for minor reorganisation that should improve future efficiency. There has also been a reduction in the amount of overtime. The proposed budget for next year incorporates a general pay increase of 1.5% with adjustments having been made to reflect increments where these apply and any adjustments to national insurance and superannuation columns as advised by the Treasurer. The reduction in this budget head has been realised by giving up the unfilled part of reduced working time arrangements from the establishment and a further reduction in overtime provision. Canvasser costs have been retained at their current level.

Valuation Appeal Committee Costs

The level of expenditure for the forthcoming year is difficult to predict. On the one hand more appeals will require to be heard as we are at the start of a revaluation cycle; however the Committee have made changes to the manner in which Council Tax Cases are disposed of with a view to improving efficiency. The proposal represents rolling forward previous provision with an allowance for additional fees. However, the Chair of the Highland & Western Isles Panel and his secretary have certain national responsibilities and this, together with appeals associated with the Finance Departments of the constituent Councils, may also result in some additional expenditure.

Ultimately the level of expenditure will be determined by the number of appeals that require to be considered and whether they are heard.

It should be recognised however, that the Assessor has no control over this particular budget head.

Property Costs

The anticipated property costs have been altered either in line with inflationary pressures or according to contractual commitments where these apply and are broadly flat.

Administrative Costs

This budget head continues to be at a higher level than in the years prior to IER. The additional costs involved are associated primarily with postage charges as a consequence of the requirement to serve additional statutory notices on individuals. There has been a reduction in postages in the current year due to improved returns and the take up of IVR, however it is anticipated that valuation shall require additional resource under this head. Other costs relating to staffing and the requirement to promote registration have been held broadly flat.

The budget for legal expenses has been set at £20,000. Although it is not now anticipated that there shall not be any significant costs relating to the residual 2010 appeals, the position relating to the 2017 Revaluation is unknown at this stage. If there is significant litigation in the next financial year there is a risk that this provision shall be insufficient.

A reduction in proposed advertising and printing has resulted in a reduction under this budget head.

Transport Costs

The element for hire of vehicles has been maintained.

Apportioned Costs

No allowance for inflation has been made for this budget heading and the budget has been maintained although the level of support appears to have reduced and certain tasks previously carried out under this head are now dealt with internally.

Supplies and Services

This budget head has been increased to reflect canvass costs which have historically been billed after the end of the financial year. Improved billing arrangements with the supplier have increased transparency relating to this budget head and allow proper provision at this stage.

Income

The modest income is received principally from the sale of electoral registers and the charges are fixed by statute. Continuing low interest rates will result in little change in income from balances.

The income shown under IER represents the funding that is anticipated by the Cabinet Office. There is a risk associated with the assumed level of funding as the final funding is not yet known.

Requisition

Should the proposed budget be agreed the requisition on the constituent authorities will be as follows:

	2018/19 £000	2017/18 £000	Change £000
Highland Council	2556	2556	0
Comhairle nan Eilean Siar	305	305	0
Total	<u>2861</u>	<u>2861</u>	<u>0</u>

6. Summary

The general position for non-staffing costs, excluding additional individual electoral registration costs, is again broadly flat in cash terms. Increases have been included where they are unavoidable due to inflation or contractual obligations. Staffing costs include provision for 1.5% pay award. It has however been possible to realise a saving by not filling the residual part of reduced working hours arrangements and deleting these from the establishment. The resultant overall expenditure and budget demonstrates a 0.5% reduction from £3,005,403 to £2,990,400 before inflation is taken into account and the proposed requisition from the constituent councils remains unchanged in cash terms.

A balanced budget has been achieved that involves an assumption that a proportion of the continued higher level of expenditure required for IER shall be

funded by the Cabinet Office and a balancing figure has been included to the extent of the anticipated funding.

Overall, the proposed budget makes reasonable provision for the Assessor & ERO in the forthcoming year, although there are significant risks associated with the proposals and it may not be possible to meet any shortfall from within existing budget heads, in which case reserves may require to be accessed.

7. Recommendation

The Board is invited to approve the budget for 2018-19.

Designation: Assessor and ERO

Date: 15 January 2018

Author: William Gillies

Proposed Draft Budget 2018-19

STAFF COSTS	CURRENT BUDGET 2017/18	ESTIMATED OUTTURN 2017/18	PROPOSED BUDGET 2018/19
AA-1000 Chief Officials - Basic Pay	£ 92,394	£ 92,394	£ 93,318
AA-1001 APT&C - Basic Pay	£ 1,346,550	£ 1,237,983	£ 1,305,295
AK-1503 Compensation Loss of Office	£ 13,000	£ 12,786	£ 13,000
AB-1000 NI - Non Teachers	£ 137,736	£ 132,657	£ 133,007
AC-1000 Superann - Non Teachers	£ 280,594	£ 242,958	£ 272,824
AA-1500 Overtime - General	£ 50,000	£ 27,000	£ 14,500
DG-4000 Subsistence	£ 6,500	£ 6,500	£ 6,500
CF-1004 Travel Mileage (Non Taxable)	£ 50,000	£ 45,000	£ 50,000
AA-1505 Remote Island Allowance	£ 12,000	£ 12,100	£ 12,500
AF-1001 Removal Expenses	£ 5,000	-	£ 2,500
DC-1000 Protective Clothing	£ 400	£ 250	£ 400
AG-1000 Interview Expenses	£ 100	£ 50	£ 200
AH-1000 Training Courses	£ 26,000	£ 30,000	£ 35,000
AE-1600 Miscellaneous	£ 600	£ 600	£ 600
AE-1006 Medical Exams (Staff)	£ 600	£ 1,200	£ 900
AE-1004 Dental/Optical Costs	£ 650	£ 800	£ 800
AJ-1000 Recruitment Costs/Staff Advert	£ 1,000	£ 500	£ 1,000
Staff Turnover			-£ 25,000
TOTAL	£ 2,023,124	£ 1,842,778	£ 1,917,344

CANVASSER COSTS	CURRENT BUDGET 2017/18	ESTIMATED OUTTURN 2017/18	PROPOSED BUDGET 2018/19
AA1-001 APT&C - Basic Pay	£ 50,000	£ 55,000	£ 50,000
CF-1004 Travel Mileage (Non Taxable)	£ 22,000	£ 25,000	£ 22,000
TOTAL	£ 72,000	£ 80,000	£ 72,000

VALUATION APPEAL COMMITTEE	CURRENT BUDGET 2017/18	ESTIMATED OUTTURN 2017/18	PROPOSED BUDGET 2018/19
EF-1003 Voluntary Assocs/Other Bodies	£ 45,000	£ 47,250	£ 45,000
CF-1004 Travel Mileage - Non Taxable	£ 3,000	£ 3,000	£ 3,000
DG-4000 Subsistence	£ 5,000	£ 5,000	£ 5,000
TOTAL	£ 53,000	£ 55,250	£ 53,000

VALUATION JOINT BOARD MEMBERS EXPENSES	CURRENT BUDGET 2017/18	ESTIMATED OUTTURN 2017/18	PROPOSED BUDGET 2018/19
AA-1001 APT&C - Basic Pay	£ 10,000	£ 10,000	£ 10,000
TOTAL	£ 10,000	£ 10,000	£ 10,000

PROPERTY COSTS		CURRENT BUDGET 2017/18	ESTIMATED OUTTURN 2017/18	PROPOSED BUDGET 2018/19
BA-2004	Mechanical/Electric Compliance	£ 1,500	£ 1,500	£ 1,500
BH-2000	Cleaning Materials/Equipment	£ 1,600	£ 1,300	£ 1,300
BB-2000	Electricity Charges	£ 17,000	£ 17,000	£ 16,000
BH-1000	Refuse Collection Fees	£ 1,200	£ 2,000	£ 1,200
DA-5010	Office Furniture	£ 1,000	£ 1,500	£ 1,000
BK-1000	Property Insurance	£ 2,400	£ 2,600	£ 2,600
BD-1000	Rates	£ 52,724	£ 53,190	£ 54,456
BE-1000	Water Charges	£ 5,600	£ 5,600	£ 5,600
BC-1001	Rent	£ 147,705	£ 144,000	£ 147,000
BA-4000	Repairs & Maintenance	£ 4,000	£ 8,000	£ 4,000
BH-1001	Contract Building Cleaning	£ 23,000	£ 22,500	£ 24,000
BB-3000	Gas Charges	£ 3,800	£ 3,000	£ 3,200
TOTAL		£ 261,529	£ 262,190	£ 261,856

ADMIN COSTS		CURRENT BUDGET 2017/18	ESTIMATED OUTTURN 2017/18	PROPOSED BUDGET 2018/19
DK-1000	Advertising General	£ 5,000	£ 3,000	£ 2,500
DG-3000	Employers Liability Insurance	£ 7,300	£ 7,150	£ 7,200
DE-5011	Legal Expenses	£ 20,000	£ 20,000	£ 20,000
DF-7000	Postages	£ 180,000	£ 180,000	£ 180,000
DD-1000	Printing	£ 10,000	£ 10,000	£ 8,000
DD-2000	Stationery	£ 6,000	£ 6,000	£ 6,000
DF-9000	Landline Telephones	£ 10,000	£ 10,000	£ 11,000
DK-9600	Miscellaneous Admin Costs	£ 500	£ 500	£ 500
DF-9010	Mobile Phones	£ 400	£ 600	£ 600
DF-9015	Mobile Phone Usage Costs	£ 250	£ 200	£ 200
TOTAL		£ 239,450	£ 237,450	£ 236,000

TRANSPORT COSTS	CURRENT BUDGET 2017/18	ESTIMATED OUTTURN 2017/18	PROPOSED BUDGET 2018/19
CC-2010 Hire Vehicles Expenditure	£ 5,000	£ 5,000	£ 5,000
CC-2020 Carriage/Freight	£ 300	£ 200	£ 200
TOTAL	£ 5,300	£ 5,200	£ 5,200

APPORTIONED COSTS	CURRENT BUDGET 2017/18	ESTIMATED OUTTURN 2017/18	PROPOSED BUDGET 2018/19	
GA-1000 Law & Admin } Finance } Personnel } Prop. & Archt. }	£ 60,000	£ 62,000	£ 60,000	
TOTAL	£ 60,000	£ 62,000	£ 60,000	

SUPPLIES/SERVICES	CURRENT BUDGET 2017/18	ESTIMATED OUTTURN 2017/18	PROPOSED BUDGET 2018/19
ICT Charges (DK-3000, DF-2002, DF-4000, DF-4001)	£ 255,000	£ 327,000	£ 340,000
DA-1450 Office Equipment/Machinery Purchase	£ 2,000	£ 2,000	£ 2,000
DE-5010 Audit Fees	£ 8,500	£ 8,500	£ 8,500
DK-9500 Miscellaneous Supplies	£ 1,500	£ 1,500	£ 1,500
DD-3003 Managed Print Costs - Mono	£ 14,000	£ 14,000	£ 14,000
DD-3004 Managed Print Costs - Colour	£ 10,000	£ 12,000	£ 9,000
TOTAL	£ 291,000	£ 365,000	£ 375,000
TOTAL EXPENDITURE	£ 3,015,403	£ 2,919,868	£ 2,990,400

INCOME	CURRENT BUDGET 2017/18	ESTIMATED OUTTURN 2017/18	PROPOSED BUDGET 2018/19
KC-6700 Register of Electorate	(£4,000)	(£4,000)	(£4,000)
KC-6701 Valuation Rolls	(£400)	(£400)	(£400)
KF-5000 Interest on Revenue Balance	(£750)	(£750)	(£750)
KC-9500 Other Misc Income	(£100)	(£6,400)	(£100)
KA-2000 Government Grants	(£150,000)	(£136,186)	(£125,000)
TOTAL INCOME	(£155,250)	(£147,736)	(£130,250)
TOTAL EXPENDITURE FROM PREVIOUS PAGE	£3,015,403	£2,919,868	£ 2,990,400
TOTAL REQUISITION	£2,860,153	£ 2,772,132	£ 2,860,150
Funding:			
Constituent Authorities Requisitions	£ 2,860,153		£ 2,860,150
Other Income	£ 5,250		£ 5,250
IER Funding Requirement	£ 140,000		£ 125,000
TOTAL BUDGET	£ 3,005,403		£ 2,990,400