

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

17 March 2026

Agenda Item	6
Report No	VAL/02/26

Proposed Budget 2026

Report by the Assessor and Electoral Registration Officer

Summary

This report sets out for approval a proposed revenue budget for financial years 2026/27 to 2028/29.

Introduction

This report outlines a proposed budget for the financial years 2026/27 to 2028/29. The Assessor continues to recognise the financial pressures on local government at this time and aims to balance the pressures on the Board's funding bodies with the legal requirement for the Assessor and Electoral Registration Officer to carry out his duties in accordance with the law. The figures for 2027/28 and 2028/29 are indicative at this stage and will be reviewed when setting the budget in future years.

Outcomes

It is the duty of the Assessor to maintain the Valuation Roll, Council Tax List and Electoral Register. It is the responsibility of the Board to ensure that the Assessor is adequately resourced to carry out his duties in terms of the legislation.

If the Assessor is not provided with sufficient resources to carry out that duty there will be an impact on the quality, accuracy and completeness of the Valuation Roll and Council Tax List and this will have an impact on the fairness of the tax and the revenue collected may be reduced.

A very significant part of Local Government funding is derived from income from Council Tax and non-domestic rates. The tax cannot be levied if there is not an enabling entry in the Council Tax List or Valuation Roll. Buoyancy in the Valuation Roll is dependent on timeous updates to reflect changes in valuation. In recent years recruitment difficulties have resulted in a reduction in time related performance. The annual audit of self-catering units is an additional burden which has a detrimental effect on overall performance. It is true that, in so far as Council Tax is concerned, delays do not result in a legal barrier to the collection of the tax and should not result in a loss of revenue. However, it is acknowledged that backdating of a liability makes it more difficult for Finance Officers to collect a debt and collection is liable to be more costly. The position with non-domestic rates is even more critical as backdating is not possible beyond the beginning of the financial year. It should also be noted that delays in altering the Valuation Roll and Council Tax List may result in large, backdated bills for the taxpayer.

Additionally, the Electoral Registration Officer requires the necessary resources to compile and maintain, in accordance with statute, a complete and accurate Electoral Register forming a basis for fair democratic elections.

Efficiency

It is acknowledged that funding of the Assessor's functions must be reasonable and not excessive, and it is a responsibility of the Board to be satisfied that waste is avoided, and that the operation is efficient. Comparison with other Valuation Joint Boards in this regard is not a straightforward matter but would not appear to place the Board in an unfavourable position.

Improvements in efficiency can be shown either by carrying out the same function for less, or by achieving more without a corresponding increase in funding. The number of subjects in the Valuation Roll, Council Tax List and Electoral Register have all increased over the last ten years and continue to increase. The valuation roll has had a net increase in the number of non-domestic subjects in the order of 15% since the 2017 revaluation in the main due to the addition of shooting rights, the growth in the number of self-catering units (SCUs), and the return of public parks and associated subjects to the Valuation Roll. In addition, the reasonable demands made by government, ratepayers, and the public for the Assessor to be more transparent and accountable have in themselves a resource implication. Increased government regulation and other pressures have resulted in additional workloads for the Board's central support section in recent years.

The Assessor continues to seek to improve the efficiency of the organisation. This has included greater use of information technology to provide computer assisted valuation and analysis. Information provision and transparency have been enhanced through the Scottish Assessors' Association (SAA) Portal, resulting in a significant saving in staff time. Further development in both fields is ongoing. The SAA Portal also provides a degree of automation in relation to the logging and acknowledgement of valuation proposals, the return of Assessor Information Notices, and the SCU audit. However, due to advances in technology, the SAA Portal is approaching end of life and will be required to be replaced. To this end the Scottish Government have allocated £2.7m capital funding for this project. This will therefore not be a project for the Board to finance but it will, when complete, improve efficiencies for each Assessor. Automation has also been developed in relation to the collection and logging of sales information from the Registers of Scotland. A move has been made away from paper records towards electronic files in respect of Council Tax and initial steps have been taken towards a similar approach for non-domestic files, with the creation of a paper file for a new subject now being the exception. While this is feasible for new subjects, there remains the substantial issue of digitising existing paper records. This work will continue in the forthcoming financial year. Provision has been made for a spend of £30,000 in 2026/27 to work towards this. The progress that this provides towards full digitalisation will be monitored and reported to the Board. There are several drivers for this work, including office rationalisation and better and more efficient home or hybrid working. There is also an increasing imperative to carry out this work to facilitate the file management that is necessary for compliance with The Data Protection Act 2018 and the Public Records (Scotland) Act 2011.

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The cloud based electoral management software system has been implemented for the Service and provides facilities that have already produced a level of enhanced efficiency. There is a continuous programme of improvements.

The report to the Board last year gave some detail on a number of efficiency measures that were being introduced. This work has continued although pressures brought about by the timing of the absent votes write out which was a result of the Elections Act 2022 and workloads from the Non-Domestic Rates (Scotland) Act 2020 have had some impact on progress.

- The Assessor's valuation system rewrite is complete with the integration of the Council Tax function with the non-domestic valuation functionality to provide a more efficient and streamlined product. The Assessor and the valuation software supplier along with other Assessor users, are presently taking steps to agree an end-of-life program for the legacy system. It had been hoped that this would have been during 2025/26 but due to the pressures of completing the 2023 Revaluation, and the work leading up to the 2026 Revaluation this date has not been possible to finalise at this time. The system incorporates the ability to interface with planning and building control and has improved processes in relation to sales information. The system has the ability to provide a mail handling workflow which gives greater accountability and visibility of activity and also includes an ability to email directly from the valuation system and record communication at subject level.
- A facility to incorporate more valuations within the system has been rolled out across additional subject classes which has allowed for more automated valuations of subjects. This has increased the range of valuations at the SAA Portal with, at the draft revaluation stage, 76% of subjects for the Board area available to view. Development work is underway to include valuation details for supermarkets, retail warehouses and garden centres. This will add to the volume of valuations currently available which include shops, offices, workshops, SCUs and a range of public buildings and contractor's basis valuations. There are a number of properties such as licensed premises and hydroelectricity works which cannot have their valuations displayed at the Portal as their valuations contain sensitive financial information.
- Although the electoral management software has the capability to use automated email as allowed by legislation this has not been fully implemented. Handheld devices for electoral canvassing have been purchased and deployed wherever necessary and with the recruitment of electoral canvassers for a range of areas it is anticipated that this will result in canvass efficiency as the devices operate in real time.
- Wherever possible economies of scale are sought by utilising Highland Council service contracts, but these are monitored, and alternative arrangements are put in place if they are found to be more favourable. The Occupational Health contract is now in place and is operating satisfactorily. The process for fully integrating with advertising on Myjobscotland has been lengthy and is nearing completion.
- The Board is seeking to launch its new logo and email addresses, but work is required to have email addresses in place.

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- The lease on the Inverness office ended in May 2025 and was extended for a further 10 years at the same rent for the first years be it will be reviewed. The new agreement allows for a 6-month rent-free period in the each of the first two years.
- The Assessor has taken steps to update the Board's flexitime policy. It is also planned to review travel and subsistence, and overtime policies with a view to making efficiencies and improving staff terms and conditions.
- Following an analysis, budget savings of £18,262 have been identified and are summarised in the table below.

		2025/26	2026/27	Variance
ALL offices	Advertising - General	2,000	1,500	500
ALL offices	Compensation – Loss of Office	13,500	10,500	3,000
ALL offices	Office Equipment/Machine Purchase	2,000	1,250	750
ALL offices	Cleaning Materials / Equipment	750	550	200
HQ Inverness	Electricity	20,700	17,342	3,358
ALL offices	Hire Vehicles Expenditure	2,000	1,500	500
ALL Offices	Holiday Pay	900	830	70
ALL offices	Mobile Phones	500	350	150
ALL offices	Mobile Phone Usage Costs	250	100	150
ALL offices	Printing	6,000	5,500	500
ALL offices	Rates	46,000	41,366	4,634
ALL offices	Recruitment Costs/Staff Adverts	4,050	0	4,050
ALL offices	Refuse Collection Fees	900	500	400
TOTAL		99,550	81,288	18,262

A number of savings have been identified but due to generally rising costs these are fairly minimal. However, there is an overall increase in costs due to the agreed pay award for 2026/27 of 3.5%. There is an increase in postages, but our print supplier is to carry out a free audit of our mail processes with a view to finding savings.

Barclay and Three Yearly Revaluations

The additional requirements made of Assessors by government as a consequence of the Barclay review of non-domestic rates have previously been reported to the Board. The Scottish Government has made available additional funding to the local authorities to fund these requirements. The proposed budget incorporates this additional amount of funding provided by the Scottish Government. The level of funding for 2025/26 has been increased

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from £425,000 to £524,000. This increase is above the level of inflation and is an acknowledgement from the Scottish Government that the impact of the Barclay Review was greater than anticipated.

Budget Proposal

The proposed budget represents an increase in requisition funding, net of the additional “Barclay Funding” and additional council tax funding, and a 7.5% increase overall. This results from a number of budgetary pressures.

- The 2023 Revaluation was the first revaluation carried out following the Non-Domestic Rates (Scotland) Act 2020. The Assessor has now completed a full revaluation cycle and the changes in regulations, deadlines and processes has led to a number of lessons learnt. This includes the proposal/appeal process being more intensive than the previous regime, and the scheduling of appeals is outwith the Assessor’s control. The SCU audit has required greater resource than is presently available. The volume of work has required a rethink of line management and a greater focus on support for both management and our teams.
- The 2023 revaluation proposals were disposed of by the statutory date of 30 September. The disposal of proposals will continue as running roll proposals run to a different timetable.
- The Assessor still has a substantial number of 2017 appeals at the Upper Tribunal for Scotland (UTS). The vast majority relate to hydroelectricity subjects. One of the cases was heard before the Upper Tribunal for Scotland (UTS) in November 2025. The outcome is anticipated towards the end of February 2026. It is hoped that the resolution of this case will pave the way for the disposal of the remaining hydroelectricity cases at the UTS.
- Each year Assessors must conduct an audit of the self-catering units within their valuation area. Numbers vary greatly between each valuation authority. Glasgow, Renfrewshire and Lanarkshire between them make up less than 3% of those in Scotland. Highland and Western Isles, on the other hand have in excess of 30% of the total, with numbers exceeding 5,000. This is an onerous and time-consuming task. As well as being a major draw on resource it has also led to slippage in other areas of the Board’s activities and KPIs are lower than what the Assessor desires. As this process beds in, not only internally but within the self-catering community, it is very apparent that this is an area that needs more clerical input and less valuation input. It also requires a better structure within our teams to make the improvements and create innovation in dealing with the audit and associated admin functions. The task will, as it stands, always be onerous but with a better structure should become more streamlined and embedded in our systems. The assessor does welcome the increase in Barclay funding which will go some way to alleviating the issues associated with the audit. It is appreciated that the SCU audit creates issues around billing for council tax, water and waste services. In particular, due to levels of resource, the audit for 2024/25 was not formally started until the beginning of February 2026. Self-catering operators can submit voluntary returns and for 2024/25 many did which has, so far, reduced the formal process to 3,742 requests for information. The staffing changes proposed below are required

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to provide a better service to our stakeholders, in particular the self-catering sector and the constituent local authorities. With these changes in place the audit will be scheduled to take place in early summer.

- To date 4,006 properties have passed the 2023/24 SCU audit (3,524 The Highland Council, 482 Comhairle Nan Eilean Siar). 601 properties (468 The Highland Council, 133 Comhairle Nan Eilean Siar) were returned to the Council Tax Valuation List for financial year 2023/24, although 423 have been transferred back to the valuation roll as a result of successful Proposals to Alter the Council Tax List by the owners/operators (308 The Highland Council, 115 Comhairle nan Eilean Siar). A further 195 will be transferred shortly (191 The Highland Council, 4 Comhairle nan Eilean Siar), with a number of cases still under active investigation. It should be noted that a number have been designated by constituent authorities as self-catering units under powers given within an amendment to the Council Tax (Dwellings and Part Residential Subjects) (Scotland) Regulations 1992. Presently, 455 (335 The Highland Council, 120 Comhairle Nan Eilean Siar) transferred properties have been challenged as formal proposals. Setting aside the 423 proposals that have been successful, seven of these proposals were notified of the Assessor's decision that the proposal was not well founded, with 13 still to be considered. There were also 12 proposals which have been withdrawn or cancelled.
- It has been commented previously that if left unchanged the audit would have an effect on the Board's ability to complete a revaluation to the best of its ability. The 2023 Revaluation was completed, and the 2026 Revaluation will be too, and the valuation teams have already delivered on the draft valuation roll. However, this comes at a cost, both in terms of fulfilling the Board's obligations and staff wellbeing. The Assessor must take steps to minimise these risks. The Assessor has proposed a number of changes to staffing which will reduce that risk. These changes are designed to deliver better support to the valuation teams and recognise staff attainment. It is hoped that on delivering on both of these proposals it will lead to a better uptake on vacancies and give staff better management support. The Assessor is very much aware of the financial challenges that local authorities face and aims to make changes that are as cost effective as possible.
- The staff changes proposed within the valuation function can be summarised as follows. Two new Divisional Valuer posts will be created to lead teams in the Inverness office which will be more geographically focussed than previously. It is anticipated that these posts will be filled internally and will lead to the deletion of the posts of those promoted. As recruitment of qualified surveyors is challenging across the rating sector, it is proposed that new trainee valuer posts will be created. It is anticipated that the trainee valuer posts would be advertised over the summer months following an initiative where summer placements will be sought from local schools to give young people a better understanding of the work that we do. Leadership within the valuation admin teams will be enhanced by the creation of two new posts, a valuation admin team leader and assistant valuation admin team leader, which will give better support to the professional, technical and admin teams, and their focus will be on delivery, innovation and efficiencies that can be made.

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- One of the features of the Barclay Review was the imposition of civil penalties for the non-return of Assessor Information Notices (AINs). It should not be seen as an opportunity to raise revenue as any excess revenue over costs is returned to the Scottish Government, and in any case, AINs are issued with the purpose of gathering information, not creating revenue. However, the costs involved administering the process can be recouped from the civil penalty payments prior to payment to the Scottish Government. The organisation and application of civil penalties would come under the remit of the valuation admin team leader. AINs are predominantly issued in the run up to a Revaluation, but can be issued between revaluations, for example, when seeking information for preparing a new entry on the valuation roll.
- The Elections Act 2022 has brought about significant changes for UK parliamentary elections. The Act introduced Voter ID, changes to overseas electors, absent vote divergence and proxy vote rule changes. New Burdens Funding from the Ministry of Housing, Communities and Local Government (previously known as the Department of Levelling Up, Housing & Communities) was made available in 24/25, and then again in 2025/26, to the Electoral Registration Officer for this task. These changes brought about additional complexities for electoral processing staff in terms of time taken to process different postal and proxy application forms for UK and Scottish elections. There is also greater checking of previous electoral registers for Overseas electors which is time consuming. The work involves duplication with paper and online applications, and a need for improved knowledge for processors. This issue of divergence, between reserved and devolved election, is to be resolved following the passing of legislation by the Scottish Government to bring about convergence in processes. The electoral environment is one which is subject to change, and also for a requirement of greater knowledge than previously. The Assessor acknowledges that to train and equip our staff for these challenges a small number of changes were required within our teams and were funded from the existing budget. An electoral team leader and assistant electoral team leader posts have been created which will give electoral staff improved leadership and in turn better support for the senior management team.
- The Assessor continues to monitor the progress of the Inverness and Cromarty Firth Green Freeport. The opening of the dock facility at the former fabrication yard at Whiteness Head near Ardersier is a significant step in the Freeport's development. However, there has not been a decision from the UK Government on the proposal by a major Chinese renewable energy supplier to invest £1.5 billion to create a fully integrated offshore wind turbine manufacturing facility at the site. The Assessor will continue to monitor progress at the site, and the wider Freeport area, to assess the impact that it will have on service delivery as the project progresses. At this stage it is the Assessor's view that until the above facility is given the green light, or another large proposal, the administration of the Freeport can be covered by the proposed valuation resource above. There will, however, be a cost from 2027/28, and it is likely that this will be in the form of specialist valuation and technical knowledge.
- In the Scottish Government's January budget there is a proposal to carry out a targeted council tax revaluation, for properties worth over £1million. This will

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require resource and the Scottish Government's proposal earmarks £10million to be shared between assessors over three years for this piece of work. This is likely to be funded 50% in year 1, 40% in year 2, and 10% in year 3. The first two years are for the set up and the third year to deal with the resultant proposals. To complete this work the assessor anticipates using the funding to carry out any associated valuation system development required and to bolster the technical teams to cover survey work. These contracts would initially be on a 2-year fixed term but with the expansion of work at the Freeport, and retirements, it is hoped that these posts could become permanent.

- Further to the above changes a separate paper has been submitted on career progression for staff. Staff are at the heart of our functions and when entering the service many see little by way of a pathway to be rewarded for the improvement in their skillset. Taking a career pathway approach in the early years of their careers will allow more staff to be able to apply for more senior posts in the future. These changes combined also address points that were highlighted in the internal audit report regarding workforce and succession planning. It is anticipated that there will be retirements in 2026/27 which will require to be addressed. The Assessor will continue to engage with the HR Team at The Highland Council to look at innovation in filling vacant posts.
- A program of paper file digitisation was due to be completed in 2025/26. Due to competing priorities, there has been some slippage in the project. This work is to facilitate office rationalisation, hybrid working and compliance with The Data Protection Act 2018 and the Public Records (Scotland) Act 2011. This has created space within the Inverness office allowing for the integration of staff who previously worked in the Dingwall office, as it has allowed provision of more desks. It is asked that this work is extended for a further year under the leadership of the new valuation admin team leader. The estimated cost of this is £30,000 for 2026/27. Any underspend will be carried forward from previous financial years.

Reserves

The Board had a general fund reserve of £185,000 which is capped at 5% of the budget as at 31 March 2025, which is expected to remain at this figure as at 1 April 2026. Litigation in rating is not predictable, and although the Assessor has set aside a sum within his budget he asks that these reserves can be drawn upon to support any ongoing legal costs over and above those allocated. If these reserves were to be depleted, then further requisition may be requested from constituent authorities as the Valuation Joint Board is not in a position to generate additional income. There is further risk that the Assessor and Electoral Registration Officer may not be able to carry out his statutory duties if further funds were not available.

When the Board entered into a new agreement for the lease in Inverness, the savings were earmarked for improvements to the office. Due to workloads, it has not been possible to complete the works from the first year's savings within 2025/26, accordingly it is intended that any reduction in rent that has not been used for refurbishment works may be carried forward into the 2026/27 budget under the Repairs and Maintenance allocation in order to fund the project.

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Similarly, the expansion to Barclay funding rests on recruitment being made timeously. Even when carried out expeditiously there is often a drag due to advertising and notice periods and as such, it is intended that any underspend is carried forward into the 2027/28 budget, and similarly for the anticipated funding for the extension to council tax banding.

Conclusion

Given all these circumstances, the proposed budget makes reasonable provision for the Assessor to carry out his statutory duties in 2026/27 and taken together with additional funding from the Scottish Government it should continue to allow the Assessor to meet the demands of the Non-Domestic Rates (Scotland) Act 2020. The requested increase in requisition will also allow the Electoral Registration Officer to carry out his statutory functions in relation to electoral registration and the increased workloads/complexity due to Election Act 2022 changes.

Recommendation

The Board is invited to approve the proposed budget.

Designation: Assessor and ERO

Date: 2 March 2026

Author: Frank W Finlayson

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Revenue Budget 2026/27 to 2028/29								
Monitoring Category	Actual	Current Year Budget	Estimated	Proposed	Proposed	Proposed		
	24/25	25/26	Outturn as at 31.01.26	budget	budget	budget		
	£000	£000	£000	£000	£000	£000	£000	
Salaries including NI, Superann	2,614	2,542	2,752	2,726	2,816	2,927		
Targeted CT Revaluation Salaries including NI, Superann				103	107	0		
Digitisation Salaries incl. NI, Superann, OT	58	40	37	30	48	48		
Elections Act New Burdens Salaries incl. NI, Superann, OT	0	60		0	0	0		
Overtime	66	11	80	10	10	10		
Total Salaries including NI, Superann and Overtime	2,738	2,653	2,869	2,870	2,980	2,984		
Travel and Subsistence	52	45	46	51	51	51		
Other Staff Costs	55	43	43	93	81	84		
Total Staff Costs	2,845	2,741	2,958	3,014	3,112	3,119		
Heating, Lighting and Cleaning	47	38	38	37	38	38		
Rent, Rates and Water	164	142	142	128	158	163		
Other Property Costs	13	33	37	40	12	7		
Total Property Costs	224	213	217	206	208	207		
Printing, Stationery and Photocopying	(3)	11	33	11	11	15		
Postages	171	155	225	175	180	180		
Telephone and Fax Costs	1	9	9	9	9	9		
Advertising	5	2	2	2	2	2		
Legal Expenses	29	20	100	20	20	20		
Digitisation Costs	1	10	5	0	3	3		
Other Administration Costs	66	62	82	76	73	73		
Central Service Support	73	60	60	60	60	60		
Total Administrative Costs	343	330	516	353	357	362		
Transport Costs	3	2	3	2	2	2		
Computer Costs	387	380	380					
Targeted CT Revaluation				45				
Computer Equipment - Purchase				5	5	5		
ICT Charges, Core Supplier				183	183	183		
Computer Services - External				235	240	245		
Total Computer Costs	387	380	380	468	428	433		
Board Expenses	7	8	8	10	10	10		
Total Expenditure	3,809	3,673	4,082	4,052	4,116	4,132		
Service Income	(161)	(4)	(25)	(4)	(4)	(4)		
Service Income - Targeted CT Revaluation				(152)	(122)	(30)		
Interest Income	(39)	0	0					
Total Income	(200)	(4)	(25)	(156)	(125)	(34)		
Total Income & Expenditure	3,609	3,670	4,057	3,896	3,991	4,098		
Pressures/Savings:								
Office Rationalisation - Rent								
Efficiencies - New ER System (Staffing)								
Efficiencies - Vacancy Management								
Transfer to/(from) Reserves *	3	(47)	(47)					
Grand Total	3,612	3,623	4,010	3,896	3,991	4,098		
Requisitions (Exc Barclay Requirement):								
CnES	10.66%	350	386	415	425	437		
THC	89.34%	2,937	3,237	3,481	3,565	3,661		
Total		3,288	3,623	3,896	3,991	4,098		
Total Incremental Mover		335	10.2%	272	96	106		
Barclay Requirement				7.5%	2.4%	2.7%		
Barclay Review of NDR - IT Development								
Barclay Review of NDR - Implementation		325	425	524	0	0		
Total Barclay funding		325	425	524	0	0		
Total Incremental Mover		100		(425)	0	0		
Barclay funding from Government				0	(1)	0		
CnES	10.66%	40	45	56				
HC	89.34%	331	380	468				
Total Barclay funding		371	425	524	0	0		
New Burdens								
Requisitions (Inc Barclay Requirement):								
CnES		390	431	471	425	437		
THC		3,268	3,617	3,949	3,565	3,661		
Total		3,659	4,048	4,420	3,991	4,098		
Total Incremental Mover		389	10.6%	371	(428)	106		
				8.4%	-10.8%	2.6%		
Per final 2425 requisition	Actual	Check						
Barclay Req	385	0						
	3,228	0						
	3,613	0						
Total check	0							
Anticipated opening reserves (Capped at 5% prior year Budget) 1 April 2026					185			
Anticipated use of reserves 26/27					0			
Anticipated closing reserves 31 March 2027					185			