



3 YEAR BUDGET REPORT 2011/12 – 2013/14

1.0 INTRODUCTION

The proposed budget provision for year 2011/12 has been agreed with the Treasurer and his report fairly reflects expected costs, income and risk to the Board.

I have agreed with my management team that the organisation can sustain the present staffing levels and I have advised staff that I will continue with the existing staffing policy and any further vacancies arising through retirements or resignations may not be filled or in some cases may be advertised as temporary posts.

I will endeavour to manage the workload within the organisation to meet the proposed performance standards while making every effort to reduce costs and maximise efficiencies. In line with the proposed budget, anticipated staffing levels and expected workload I have prepared Corporate and Service plans and identified performance targets.

The intention for the years 2011/12 onwards is to try to maintain performance and closely monitor the lower budget and reduced staffing levels.

The following is a very brief overview of the main items within the budget with the Treasurer providing an in-depth report

2.0 PROPOSED BUDGET 2011/12

In line with Local Government spending cuts the Valuation Joint Board has been asked to make savings over the next three years amounting to 3.3% cut in 2011/12, 0.7% in 2012/13 and 0.62% cut in 2013/14. The approved budget provision for the year 2010/11 was £6,373,717, whereas the budget proposed for 2011/12 is £6,163,390; this represents a decrease of £210,327, 3.3%.

2.1 GROWTH/REDUCTIONS

The comparison between the approved budget for 2010/11 and the proposed budget for 2011/12 provided by the Board's Treasurer gives information on decreases resulting mainly from staffing costs, some property and transport costs. I am pleased to put forward a proposed budget which shows the requested 3.3% reduction from the previous year.

2.1.1 Employee Costs

The decrease in employee costs from £4,718,056 to £4,573,129 represents a reduction of £144,927 which is mainly due to the non filling of vacancies and a reduction in allocation for temporary canvassers.

I have advised staff that any new vacancies arising will be fully assessed according to organisational needs and may be filled as an alternative post, not be filled or advertised as a temporary post.

2.1.2 Premises Costs

The proposed budget for 2011/12 will be met by various cuts including a reduction of £15,000 for expected repairs and maintenance. Rates reduction due to the revision of Rateable Value and the Rate Poundage resulting from the 2010 Revaluation provides a reduction of £42,000.

The lease for the Board's office provides for a 5 year rent review which is due on 1st January 2012. No allowance is being made in the proposed budget for a rent increase on the grounds that there is no market evidence to support a rent increase at this time.

2.13 Transport Costs

The proposed budget for 2011/12 shows a reduction of £9,800 mainly arising from removal of disturbance payments previously made to staff when relocating office premises in January 2007.

2.1.3 Supplies and Services Costs

The proposed service cost budget for 2011/12 cannot be reduced from the approved budget for 2010/11 and indeed there will need to be service delivery cuts to offset expected increased inflationary costs.

2.1.4 Central Support Costs

It is my expectation that central support costs can be maintained at 2010/11 levels.

3.0 PROPOSED BUDGET 2012/13

The proposed budget allocation for 2012/13 is £6,158,960 a reduction of £4,430, (0.07%) from the previous year's level. This in effect requires that all inescapable growth has to be contained.

3.1 GROWTH/REDUCTIONS

3.1.1 Employee Costs

Although expected increments are likely to cost £14,702 it is hoped that vacancy control can generate some further savings estimated at £19,532. There is included in the budget a revised actuarial valuation of £19,000 representing expected increased superannuation costs. The net saving for employee costs therefore totals £33,702.

3.1.2 Premises Costs

The proposed budget for 2012/13 includes an additional £4,000 for an expected increase in rates poundage and expected insurance increase estimated at £1,400. Although utility costs are almost certain to increase no allowance has been made for such costs at this time. The net cost of property therefore shows an additional £5,400.

3.1.3 Transport Costs

The transport cost proposed budget for 2012/13 shows no change from the previous year.

3.1.4 Supplies and Services Costs

Potential savings of £24,000 on computer equipment has been identified.

3.1.5 Central Support Costs

The proposed budget for 2012/13 again shows no change from the previous year.

4.0 PROPOSED BUDGET 2013/14

The proposed budget allocation for 2013/14 is £6,120,702 equating to a £38,258, 0.62% reduction.

4.1 GROWTH/REDUCTIONS

4.1.1 Employee Costs

The budget allows for expected salary increments £15,242 which is almost offset by an overtime reduction of £15,000. There is again included in the budget a revised actuarial valuation of £21,000 culminating in a net increased employee costs total of £21,242.

4.1.2 Premises Costs

The proposed budget for 2013/14 shows an increased rates payment of £5,000 which is partially offset by ground maintenance reduction of £2,500 resulting in an increased premises cost of £2,500.

4.1.3 Supplies and Services

A range of savings from operational equipment, furniture, advertising, legal fees, postages, conference and subsistence provides a total budget reduction of £62,000

5 POSSIBLE BUDGET PRESSURES

5.1 Local Government Finance Review

The Scottish Parliament continues to consult on a possible replacement for Local Council Tax. This risk could increase after the Scottish Parliamentary election in May 2011. To mitigate costs in the event of Council Tax being replaced I have decided that any new posts relating to Council Tax will generally be advertised as temporary posts. Conversely any decision to introduce a new property based tax or revalue for Council Tax could necessitate increased funding being made available either from the Scottish Government or the constituent Councils.

5.2 Individual Electoral Registration Duties

Individual Electoral Registration is due to be introduced in 2014 to be effective for the 2015 Westminster General election. The fine details of the introduction are not yet known but various consultations are underway prior to legislation being drafted. Individual registration coupled with the expected requirement to provide signature, date of birth and national insurance number personally on an annual declaration will increase the electoral administration workload significantly. Moving from household to individual canvass, will give rise to a substantial increased expenditure for postage, printing, stationary, and increase pressure on processing requirements as well as increased costs for data storage both in paper and electronic format. I expect that increased costs will be fully funded.

As year on year there is a significant increase in use of postal voting by the electorate an additional burden is placed on postal expenditure.

5.3 2010 Revaluation and Appeals

The 2010 Revaluation appeals have now been lodged and Lothian, similar to the rest of Scotland, has seen a substantial rise of 27% in the number of revaluation appeals lodged. I have received 10,933 appeals compared to 8,578 appeals at the 2005 Revaluation. The economic decline has also generated more running roll appeals with numbers expected to grow dramatically by 31st March 2011. With the substantially greater number of appeals lodged there will almost certainly be greater costs for litigation in the resolution of appeals. The number of running roll appeals which may be lodged during the financial year 2010/11 could increase up to tenfold from the number lodged in 2005/6. As all appeals lodged this year must be resolved by 31st December 2013 we could be required to resolve up to 22,000 appeals compared to less than 10,000 over the same period of the last quinquennium.

5.4 Inflation and Pay Awards

Employees

Any pay awards which may be negotiated have not been accounted for in any year.

Premises

Announced increased charges by Scottish Power and Scottish Gas - likely to cost us £6,000 in 2011/12 and unknown thereafter.

Almost certain increase in Water charges - possibly £1,000 in 2011/12 and unknown thereafter.

It has been assumed that there will be no rent increase in January 2012; there is a risk that the landlords may demand an increase or that the office market picks up and the appropriate rent/m2 could indeed be higher than presently anticipated.

Services

Announced increase in Postages of 14% - likely to cost us £36,000 in 2011/12 and unknown thereafter.

Certain increased Valuation Panel Costs as charges are based on the number of hearings and the number of appeals the increased appeal numbers could necessitate an increased cost of at least £20,000 in 2011/12 and similar for 2012/13 and 2013/14.

6 CORPORATE AND SERVICE PLANS

Lothian Valuation Joint Board compiles and maintains the Valuation Roll, Council Tax List and through the Lothian Electoral Joint Committee, a Register of Electors for each of the constituent Councils which are represented on the Board. Almost all the duties and responsibilities relating to the above are defined in statutory terms and require to be undertaken within strict statutory timetables.

I attach the 2011-2014 Corporate and Service Plans which will be used to ensure that management and monitoring systems are in place to make certain that all functions are carried out efficiently and effectively.

7 KEY PERFORMANCE INDICATORS FOR THE WORK OF ASSESSORS

Key Performance Indicators for the work of Assessors are in place for Valuation Roll and Council Tax performance.

7.1 Valuation Roll

The principal indicator in this area relates to the length of time taken to amend the Valuation Roll to reflect changes which have taken place. The number of amendments is shown and also the change in the total annual value of the Valuation Roll in each year.

In general terms, stakeholders prefer the Valuation Roll to be amended as quickly as possible after a change has taken place in order to facilitate stable financial planning and improving the cash flow to the rating pool. The KPIs show actual performance against estimated performance for 2004/5 through to 2009/10 and targets for 2010/11 and 2011/12.

Valuation Roll	No of changes	Rateable Value 1/4	Rateable Value 31/3	0 – 3 months %		3 – 6 months %		> 6 months %	
				Target	Actual	Target	Actual	Target	Actual
2004/5	3221	885,498,164	903,178,666	52	42.5	26	24	22	33.5
2005/6	3531	903,178,666	1,042,428,524	52	62.8	26	19.1	22	18.2
2006/7	3314	1,042,428,524	1,050,213,188	57	74.9	28	13.9	15	11.2
2007/8	4206	1,050,213,188	1,058,508,620	65	83.26	25	11.63	10	5.11
2008/9	4258	1,058,508,620	1,056,910,140	70	80.77	20	11.53	10	7.7
2009/10	3792	1,056,910,140	1,068,384,758	80	78.1	15	11.1	5	10.8
2010/11		1,259,913,732		82		14		4	
2011/12				80		15		5	

I am pleased to say that the Board has almost managed to meet its target performance figures for 2009/10 through a very difficult year dealing with an abundance of appeals and revaluation preparation.

As can be seen from the above table I hope to maintain a good performance target that reflects the new efficiencies of the organisation.

7.1.1 Appeal Settlements

For each of the relevant years the Assessor provides figures for the total amount of adjustment to net annual value arising from appeal settlements. This figure is expressed as a percentage of the total net annual value of the Valuation Roll as at 1 April in the relevant year. This indicator allows the Scottish Government to estimate the financial implications arising from the settlement of rating appeals.

Valuation Year	No of Appeals Settled	Target Percentage	Actual Percentage
2003/4	1,911	3.0%	2.81%
2004 /5	548	3.0%	0.81%
2005/6	1,239	1%	0.12%
2006/7	3,938	2%	0.365%
2007/8	3,641	1%	1.491%
2008/9	1625	1%	1.66%
2009/10	1,224	0.5%	1.06%
2010/11	(1,400)	1%	
2011/12	(5000)	2%	

It can be seen that for 2009/10 a greater loss was incurred in the disposal of appeals. This greater than expected loss was due mainly to the losses incurred as a result of reductions awarded relating to disturbance caused by tram works in Edinburgh.

7.2 Council Tax

The criteria used in establishing Council Tax indicators are derived in a similar way to those for the Valuation Roll.

Council Tax payers require notification of their banded valuation, and hence their financial liability, as soon as possible after they have taken occupation of the new property. Cash flow to the authority, arising from insertions of new entries is also affected by how quickly entries are made on the Valuation List.

The KPIs show estimated performance against actual performance for 2005/6 through to 2009/10 and the performance targets for and 2010/11 and 2011/12.

Valuation List	No of Dwellings added	0 – 3 months %		3 – 6 months %		Over 6 months %	
		Target	Actual	Target	Actual	Target	Actual
2005/6	4,288	87	81.2	10	12.4	3	6.4
2006/7	5,515	89	84.8	9	11.3	2	3.9
2007/8	5323	89	93.2	9	5.2	2	1.6
2008/9	4,345	89	94.13	9	4.53	2	1.33
2009/10	3984	92	95.3	6	2.5	2	2.2
2010/11		94		4		2	
2011/12		94		4		2	

I am delighted that we have managed not to meet but exceed the target of 92%. The staff deserve praise for their ability to attain this exceptional performance.

As can be seen from the above table we continue to target to meet this exceptional performance and for 2011/12 the aim is to achieve 94% of all new dwellings to the Council Tax List to be actioned within 3 months of the date of entry. Similarly the aim is for 4% to be within 3 to 6 months and only 2% to be over 6 months

8 PERFORMANCE STANDARDS FOR THE WORK OF ELECTORAL REGISTRATION OFFICERS

Performance standards for the work of EROs had been established following consultation between the Electoral Commission, The Scottish Assessors' Association, The Association of Electoral Administrators and interested parties.

The first submission of standards was made during January 2009 and I can report that we have matched or exceeded the required performance standards in both December 2009 and December 2010.

9 BEST VALUE

In anticipation of difficulties surrounding local government finance over the coming years and in the continuing pursuance of Best Value I will review current work practices focusing on creating efficiencies through improvements while at the same time seeking to identify possible savings through all means.

10 CONCLUSION

As Lothian Valuation Joint Board does not have access to any capital budget or any financial reserves it is necessary to keep all spending within the revenue budget allocation. The ability to meet the financial costs of making staff redundant is therefore almost impossible.

The organisation is on target to have a potential under-spend in the financial year 2010/11 of £195,000. Much of this has been attained through non-filling of vacancies and delays in filling posts in addition to altered working practices and various efficiency measures previously introduced. To reduce staffing to any further extent would possibly require making staff redundant.

The range of redundancy options under consideration is wide and varied with equally varied costs likely to be incurred. I have been able to present the targeted budget for 2011/12 without any redundancies being made but consider that probable increased premises, utilities, supplies and services costs could necessitate a review of how to meet the projected budgets for 2012/13 and 2013/14. If however I am allowed to hold in reserve the under-spend from 2010/11 for any redundancy payments which may be required to meet targeted budget figures, I do feel I could make sufficient savings to meet the reduction presently suggested for 2012/13 and 2013/14.

The Joint Board is a small organisation and provides a range of services that are statutorily defined. The failure to provide any of these services could lead to prosecution. It is within this framework that efficiency gains are sought but a cost effective service delivery is the paramount priority.

I therefore request that the Joint Board approves the retention of the 2010/11 underspend for any required redundancies necessitated by budget constraints.

Joan Hewton
ASSESSOR & ERO