

3 YEAR BUDGET REPORT 2005/6 TO 2007/8

4 February 2005

1 BUDGET 2005/6

The proposed budget provision and notified budget resource allocation are matched for years 2005/6 at £5,795,000.

1.1 Proposed Variances

The analysis of budget change provided by the Boards Treasurer gives information on pay awards, salary increments and increased superannuation costs. Other growth and reduction items are detailed and further information on these is now provided.

a) Organisational Review

At its meeting on 30 August 2004, the Lothian Valuation Joint Board approved a revised staffing establishment and structure. Key elements of the new structure have subsequently become operational from 1 October 2004. It had previously been agreed by the Board that staff who wish to accept terms in respect of voluntary severance/earlier retiral could do so up to 31 March 2005. The savings from the final staff leaving employment with the Board is reflected in the budget for 2005/6 and is shown as (£452,155). The costs in terms of redundancy, pension and strain payments, referring to these final severances/retirals is also shown as £298,870. The net saving for 2005/6 is therefore (£158,285).

b) Overtime

A provision of £50,000 in budget 2004/05 for overtime due to Valuation Roll Revaluation pressures is no longer required and is removed for 2005/6.

c) Insurance

As a result of a recommendation from the Royal Institute of Chartered Surveyors and subsequent legal advice it has been necessary to enhance current insurance cover to reflect Officials Indemnity Insurance. This has led to a general review of insurance provision within the budget and an identified increase requirement of £10,000.

d) Interest Receivable

There is an anticipated reduction in interest received on budget allocation amounting to £10,000 which requires to be reflected in 2005/6.

e) Chesser House Accommodation Costs

For a number of years Lothian Valuation Joint Board has been required to make contributions to Chesser House maintenance costs while no specific budget allocation existed for such payments. Estimated costs for 2005/6 have been discussed with City of Edinburgh Council and a provision of £20,000 is appropriate.

f) ICT

As a result of proposed major changes to Local Authority Ward Boundaries resulting from the introduction of the Single Transferable Vote in 2007, there is a requirement to be able to accept, analyse and transfer information from digitalised maps. No such facility currently exists. Without this technology the ability to amend the Electoral Register to reflect the new Local Authority wards would be seriously compromised. The cost requirements to purchase suitable software and hardware is in the region of £30,000 and provision to this effect is requested. It should be noted that this does not include purchase or access to Ordnance Survey maps. The Board shall require to approach each constituent authority in order to establish a mechanism which allows access to actual map information.

g) Postages

Due to the increasing take-up of postal vote applications and the requirement to 'dead-wood' electors who fail to return canvass forms, additional pressure on this budget allocation is occurring. It is proposed to increase this allocation by £15,000.

h) Income

A higher level of income has been received from the sales of Electoral Registers and general data provision. This is reflected for 2005/6 by an increased income provision of £9,000, which shall be off-set against gross expenditure.

2 PROPOSED BUDGET 2006/7

The proposed budget for 2006/7 matches the previously notified indicative resource allocation of £5,982,000.

2.1 Proposed Variances**a) Organisational Review**

While no direct savings arising from staff severances/retirals are appropriate, the proposed budget shows a saving of (£125,798) in respect of reduced redundancy/early retirement payments.

b) Legal Representation

During this year large numbers of Revaluation appeals shall be dealt with. It can be anticipated that increased legal and court activity shall be necessary. It is proposed to increase this allocation by £20,000.

c) Electoral Registration

A review of the current operating system for Electoral Registration is overdue, with an upgrade to a windows based presentation of the system the likely outcome. Additional sums are anticipated in respect of implementation of Boundary changes, increasing postage costs arising from postal applications and increased expenditure on advertising requirements surrounding the provision of public information on the electoral registration process. A sum of £80,000 is therefore being allocated to Electoral Registration

3 PROPOSED BUDGET 2007/8

The proposed budget for 2007/8 matches the previously indicated resource allocation of £6,210,000.

3.1 Proposed Variance**a) ICT**

As part of an ongoing investment in ICT aimed at improving service delivery, it is intended to investigate and embrace wireless technology which supports mobile working. A sum of £22,300 has been allocated to support this initiative.

4 ANTICIPATED BUDGET PRESSURES

Two significant budget pressures have been identified to which attention must be drawn.

In terms of the current three year proposal, both pressures relate to Year 3, 2007/8, and are detailed below.

4.1 Individual Registration

A proposal exists to change the manner in which the Electoral Registration canvass process is conducted and early indications are that it may be introduced for 2007. The proposal intends that the annual canvass form shall be sent to each individual elector rather than each household. The current level of form generation by the Lothian Electoral Registration Officer at times of canvass is approximately 600,000 forms. It is anticipated this shall rise to circa 1.2 million as a result of individual registration.

Should this change proceed, I anticipate an increased budgetary provision requirement of approximately £300,000. This would be required to pay for substantial additional postal charges, increased printing charges, a re-investment in operational mailroom equipment, an enhancement to Electronic Document Imaging hardware, and a requirement to undertake overtime within the three month processing period.

4.2 Council Tax Revaluation

The Council Tax as an instrument of local taxation is part of the review of Local Government Funding recently announced by the Scottish Parliament.

One of the possible and anticipated outcomes of the funding review is a retention of Council Tax and a Revaluation of current bandings applicable to all domestic property.

The Revaluation could be effective from 1 April 2008, however the bulk of the essential work would be carried out in the previous year 2007/8. The budgeting impact is estimated at £500,000 to £600,000 which would be allocated to investment in ICT hardware and software, increased printing and postages and employee overtime requirements.

It should be noted that at the inception of Council Tax in 1993, an additional £1 million was allocated to the Assessors' budget provision.

5 STATUTORY FUNCTIONS & ANNUAL ACTIVITY

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.

Indicated below are details of the main tasks and levels of annual activity for each of the three functions.

5.1 Valuation Roll

The Valuation Roll contains an entry for every non-domestic property within the area of the authority.

The main tasks which require to be undertaken are:-

- 1) The maintenance of the Roll.
- 2) The disposal of Appeals which are lodged against entries in the Roll.
- 3) A complete Revaluation of non-domestic properties every 5 years.

5.1.1 The Maintenance of the Roll

The Roll is maintained annually by:-

- a) inserting new entries;
- b) amending entries to reflect changes almost inevitably arising from physical alterations to properties such as extensions or refurbishments and changes in the unit of occupation;
- c) deleting entries from the Valuation Roll usually as a consequence of the property having been demolished and amending entries to reflect part demolition.

In the past twelve months, staff have undertaken approximately 9,000 surveys which have resulted in 4,484 amendments to the Valuation Roll.

5.1.2 Disposal of Appeals

a) Running Roll Appeals

On average approximately 1,000 Running Roll appeals are lodged annually arising from amendments to the Valuation Roll. These shall require to be resolved over the coming year.

b) Revaluation Appeals

All appeals lodged against 2000 Revaluation figures have been dealt with.

The 2005 Revaluation is now completed with new values to have effect from 1 April 2005. All appeals arising from the 2005 Revaluation shall require to be lodged by 30 September 2005. It is anticipated that up to 12,000 Revaluation appeals shall be lodged with the Assessor and shall require to be resolved by the statutory deadline of 30 September 2008.

Considerable time and resource shall be spent during Spring and Summer of 2005 administering received appeals and preparing information for forthcoming appeal negotiations.

5.1.3 Revaluation of Non-Domestic Properties

The 2005 Non-Domestic Revaluation was completed to the earlier timetable of 30 September 2004. The revaluation rateable values taking effect from 1 April 2005. The impact of the Revaluation within Lothian on total rateable value has been an increase from £885 million to £1.01 billion.

5.2 Council Tax

The combined Council Tax Lists for Lothian currently comprise 365,000 entries. The main tasks in this area are:-

- 1) Maintenance of the Council Tax List.
- 2) Point of sale surveys.
- 3) Maintenance of house details.

5.2.1 Maintenance of the Council Tax List

The List is maintained by inserting an entry for each new dwelling which comes into existence. In addition the List is amended to reflect sub-divisions, deletions and properties which transfer between the Valuation Roll and the Council Tax List.

There is considerable activity in this area with 5,564 new houses being entered on the Council Tax List in the last 12 months.

5.2.2 Point of Sale Surveys

Within Council Tax legislation there is a requirement to assess whether the Council Tax banding of a newly sold property should be changed in order to reflect any physical alterations which may have been completed prior to sale.

Approximately 28,000 Point of Sales were processed during 2003/4 resulting in 244 Band changes.

5.2.3 Maintenance of House Details

There is an ongoing policy and practise within the Board to monitor building warrants relating to domestic property alterations. This has relevance to the Point of Sale exercise noted above, and is crucial in the event of a Council Tax Revaluation being undertaken.

Approximately 14,000 building warrants were received during 2003/4 resulting in 4,049 surveys.

5.3 Electoral Registration

The combined Electoral Registers for Lothian currently comprise 586,356 electors. The main tasks in this area are:-

- 1) Annual canvass.
- 2) Rolling Registration.
- 3) Absent Voters List.
- 4) Election Rolls.

5.3.1 Annual Canvass

The creation of the Register of Electors necessitates an annual canvass of some 365,000 properties within the Lothian area. The canvass period lasts approximately 3 months and during this period some 600,000 forms shall be issued.

The processing of the returned canvass forms is increasingly more time consuming as it involves the amendment to name information, recording citizenship status, and the processing of 'opt-out' and postal vote requests. Full and Edited Registers are published on 1 December each year.

5.3.2 Rolling Registration

On a 12 month basis some 30,000 alterations have been made to the Electoral Register as a result of rolling registration provisions.

5.3.3 Absent Voters List

There is also a requirement to maintain the Absent Voters Lists (Postal Vote) and recently, pilot schemes in relation to all postal voting plus changes to the canvass form aimed at making it easier to secure an absent vote, have resulted in an increase in postal vote applications. Staff are currently processing some 50,000 postal vote applications received as part of the 2004 canvass which could potentially increase the Absent Voters List from 22,000 to 72,000.

5.3.4 Election Rolls

In relation to elections the Electoral Registration Officer has specific responsibilities and duties. These include the finalisation, printing and supplying of copies of the Register of Electors to the Returning Officer, candidates to the elections, and to Polling Stations. Also, from the maintained Absent Voters List, proxy poll cards are prepared and issued, and Absent Voter Lists are produced for the Returning Officer, candidates and Polling Stations.

In Lothian, the Electoral Registration Officer also prepares, produces and issues all relevant polling cards to those entitled to vote.

Noted below is a possible election timetable for the forthcoming years.

- May 2005 – General Election
- Autumn 2005/Spring 2006 – EU Referendum – Euro
- Autumn 2005/Spring 2006 - EU Referendum – Consultation
- Spring 2007 – Scottish Parliamentary and Local Government Elections

6 INFORMATION COMMUNICATION TECHNOLOGY

ICT is now an integral element and essential resource within the Lothian Valuation Joint Board. Without a cohesive strategy and policy of ICT integration and development within the key work processes, service delivery in terms of efficiency and quality could be compromised.

Noted below are some of the ICT projects currently under consideration within the Board:-

- Development of domestic valuation system.
- Enhancement to existing commercial valuation systems.
- Deployment of EDM system and integration with existing network applications.
- Re-development of Council Tax, Valuation Roll back-office systems.
- Continuing interaction with local authority CAG's, Modernising Government Initiatives, etc.
- Introduction of GIS software and map information.
- Commencement of hardware replacement programme.
- Mail server, MS Office upgrade.
- Proxy Server implementation.
- Investigation into remote working technology.
- Review of existing Electoral Registration operational system.
- Review of Business Continuity Plan.

7 KEY PERFORMANCE INDICATORS FOR THE WORK OF ASSESSORS AND ELECTORAL REGISTRATION OFFICERS

Key Performance Indicators for the work of Assessors and EROs have been established following discussion between the Scottish Executive, The Scottish Assessors' Association and Audit Scotland.

It should be noted that as regards Electoral Registration, discussions concerning appropriate KPIs are ongoing.

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 cashflow to the rating pool. The KPIs show actual performance against estimated performance for 2003/4 and, targets for 2004/5.

For Lothian the figures are as follows: -

Valuation Roll	No of changes	Rateable Value	Rateable Value	0 – 3 months %		3 – 6 months %		Over 6 months %	
		1/4	31/3	Target	Actual	Target	Actual	Target	Actual
2003/4	3,124	883,492,256	885,498,164	52	45.7	26	25	22	29.3
2004/5		885,498,164		52		26		22	

For the year 2003/4 the Board failed to meet its target performance figures. This was primarily due to additional pressures resulting from preparatory work relating to the 2005 Revaluation and the impact of the Best Value Organisational Review which was ongoing during this period.

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 Executive to estimate the financial implications arising from the settlement of rating appeals.

Valuation Year	No of Appeals Settled	Target Percentage	Actual Percentage
2001/2	5,985	2.5%	0.69%
2002/3	5,970	3.5%	2.92%
2003/4	1,911	3.0%	2.81%
2004 – 31/12/04	411	3.0%	0.44%

It can be seen that an improvement on the estimate has been achieved.

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 the their banded valuation, and hence their financial liability, as soon as possible after they have taken occupation of the new property.

Cashflow 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 2003/4 and performance targets for 2004/5.

Valuation List	No of Dwellings added	0 - 3 months %		3 - 6 months %		Over 6 months %	
		Target	Actual	Target	Actual	Target	Actual
2003/4	4,600	87	84	10	13	3	3
2004/5		87		10		3	

Due to the need to relocate staff to provide additional resource to the 2005 Revaluation and the impact of the Best Value Organisational Review which was ongoing at the time, there has been a failure to meet the stated targets for 2003/4.

8 BEST VALUE

The Lothian Valuation Joint Board has now completed its Best Value Organisational Review. This has seen staffing establishment reduce from 159 to 130 staff with consequential savings in budgetary requirements in relation to basic pay and associated elements having been achieved.

Over the coming years focus shall turn to improving service delivery and creating efficiencies through improved work practices and procedures.

Joan M Hewton

Joan Hewton
ASSESSOR