

DUNBARTONSHIRE AND ARGYLL AND BUTE VALUATION JOINT BOARD**Report by Treasurer****Valuation Joint Board – 2 March 2018**

Subject: Draft Financial Strategy and Revenue Estimates 2018/2019**1. Purpose of Report**

- 1.1 The purpose of this report is to seek approval of the draft Financial Strategy, the revenue estimates for 2018/19 (and the level of constituent contribution) and to note the indicative budget positions for 2019/20 and 2020/21.

2. Background

- 2.1 Scottish Government provides grant funding to local authorities for Valuation Joint Board activities through Grant Aided Expenditure (GAE) allocations for:

- Council Tax Valuation;
- Electoral Registration; and
- Lands Valuation.

- 2.2 GAE allocations are updated regularly from various sources of information collected by Scottish Government. Changes in these allocations results in changes to funding to local authorities for the services. Therefore the allocation of Valuation Joint Board expenditure between the three Constituent authorities can change, which in turn changes the allocation of the contribution from the authorities to the Joint Board.

- 2.3 The GAE allocations for 2018/19 have not yet been published and therefore the draft budget has been allocated based upon GAE allocations for 2017/18, similar to previous years.

- 2.4 Officers have discussed the draft budget and allocations to constituent councils with the Directors of Finance of the three constituent councils, and all have confirmed that there are no plans to reduce the level of requisition provided for 2018/19.

- 2.5 As at 31 March 2017, revenue reserves held totalled £492,621, of which £80,824 was earmarked to balance the 2017/18 budget, leaving an anticipated remaining reserve of £411,797 (including the Prudential Target of £100,000).

3. Main Issues

- 3.1 In preparing the Draft Estimates for 2018/19, a draft Financial Strategy has been prepared, to help plan for longer term financial issues by providing early

sight of financial and other pressures. The draft Strategy is detailed in Appendix 1.

- 3.2** In recognition of the financial situation facing councils, every effort has been made to identify efficiencies which allow for a standstill Council contribution to be recommended for 2018/19.
- 3.3** The following assumptions have been applied:
- Staff turnover has been assumed at 3%; and
 - Pay award assumed is in line with that anticipated by the Scottish Government funding to Councils - in 2018/19 is 3% for staff (FTE) up to £36,500; 2% to £80,000 and thereafter capped at £1,600. For 2019/20 and 2020/21 2% per annum has been assumed.
- 3.4** As noted in Appendix 2, when the budget was agreed for 2017/18, the reserves were expected to reduce by £80,824 to balance the net budget position. Current projections indicate that there is likely to be a net favourable in year position of £124,921, resulting in the reserve increasing by £44,097 by the year end. This would result in a year end reserve balance of £536,718. This equates to an available reserve of £436,718 and prudential reserve of £100,000. A report on 2017/18 budgetary position is provided elsewhere on the agenda for this meeting.
- 3.5** The 2018/19 draft estimate (Appendix 2) shows a proposal to allow a standstill in contribution from constituent authorities through the use of balances of £156,659. The use of reserves results in projected available resources for future use of £380,059 (including the prudential reserve). The main movements from the agreed budget 2017/18 and the draft budget 2018/19 are detailed in Appendix 3.
- 3.6** At this time, indicative estimates for 2019/20 and 2020/21 identify budget gaps of £229,350 in 2019/20 and £306,690 (cumulative) in 2020/21 (Appendix 2). The budget gaps identified will require to be funded through either the use of reserves, additional constituent contributions and/or service efficiencies.
- 3.7** It is proposed that the expected year end reserves position of £536,718 (as at 31 March 2018) is carried forward to be used as required to help meet the budget gap over future years. The surplus will be monitored and its use will be reviewed if any material changes occur.

Contributions from Authorities

- 3.8** As in previous years, it is recommended that the budget for 2018/19 be apportioned to the councils on the basis of their GAE figures per Appendix 4.
- 3.9** As stated in 2.3 the GAE allocations for 2018/19 are not yet known, therefore the allocation proposed is from the GAE allocations in 2017/18.

3.10 The proposed apportionment for 2018/19 budget is:

	% Share	£
Argyll & Bute	49.04%	1,280,630
West Dunbartonshire	26.36%	688,256
East Dunbartonshire	24.60%	642,285
		<hr/> 2,611,171 <hr/>

4. Risk Analysis

4.1 There are a number of assumptions within the draft budget and Finance Strategy. These assumptions (e.g. cost of valuation appeals; grant anticipated from the UK Government/Cabinet Office and changes to costs associated with accommodation in Campbeltown) may lead to additional burdens if they do not come to the conclusion anticipated. Officers will monitor on an ongoing basis and update the Board and Strategy as appropriate.

5. Conclusions and Recommendations

5.1 The Joint Board is requested to:

- (a) Agree the draft Financial Strategy per Appendix 1;
- (b) Agree the draft revenue budget for 2018/2019 per Appendix 2;
- (c) Agree that any surplus as at 31 March 2018 be carried forward into 2018/19, for future use;
- (d) Note the indicative budgets for 2019/20 and 2020/21 and that a report will be brought to a future Board meeting detailing options for future service efficiencies;
- (e) Note that free reserves will continue to be held to help manage future budgets and the level of constituent authority contributions; and
- (f) Agree that the 2018/19 requisition is based on each council's GAE figures with the apportionment being as identified at 3.10.

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Stephen West
Treasurer
Date: 14 February 2018

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Appendix 1 Draft Financial Strategy;

Appendix 2 Probable Outturn 2017/18;
Draft Revenue Estimates 2018/2019;
Indicative Estimates for 2019/20 and 2020/21.

Appendix 3 Main variances between 2017/18 approved estimate and 2018/19 draft estimate

Appendix 4 Details in GAE allocations 2016/17 & 2017/18

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Dunbartonshires and Argyll and Bute Valuation Joint Board Long Term Finance Strategy

1 Introduction

1.1 The purpose of the Financial Strategy is to allow the Valuation Joint Board (“the Board”) to consider and plan for longer term financial issues by providing early sight of pressures arising from areas such as: constituent authority funding reductions; service demand changes; etc. The Financial Strategy demonstrates that the Board is clear that the outcomes it plans to achieve link directly to the financial plans for the future and that any financial challenges identified which threaten the achievement of these outcomes are managed and prioritised in an orderly manner.

1.2 In recent years, the Scottish Government has provided a single year settlement for councils. This clearly makes it difficult to predict constituent contributions going forward, though it seems clear that the trend of reducing funding to councils may continue on an ongoing basis which is likely to result in future reductions to Board contributions. Recently political commentators have been talking about the UK economy as being in a state of “perma-austerity”, this view being based on future predictions around the impact of Brexit and likely impact on the UK economy.

In general it is anticipated that the Board will face significant financial challenges over at least the next five years. It is therefore likely that difficult choices will continue to be required – this Strategy provides a practical framework within which choices will be identified, debated and approved.

1.3 To provide clear and consistent direction for the Board, the following objectives have been identified for the Financial Strategy – it will ensure that:

- the Board has a comprehensive, coherent balanced budget;
- resources are allocated and deployed to facilitate delivery of services;
- all key strategic decisions on the allocation and deployment of resources are made within the appropriate financial context, with due regard to levels of risk;
- the Board is able to take full account of the impact of decisions on the overall financial resources of the Board in the short, medium and long term;
- the Board has flexibility to address new policy requirements, or significant changes to existing policies, within overall available financial resources; and
- there is an ongoing focus on securing efficiencies across the organisation.

1.4 The primary financial challenges facing the Board over the period of this Strategy will be delivering a coherent, balanced revenue budget year on year. To deliver this, the Board will need to continuously review existing and revised service delivery arrangements to determine if they are effective, efficient and sustainable, consider alternative methods of service delivery where appropriate and proactively identify opportunities to secure efficiencies or reduce service provision.

1.5 There is no doubt that the information generated through this process will result in options that require hard choices – one of the main challenges for the Board over the next few years will be that, once chosen, these options will often require a lead-in period prior to implementation.

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Valuation Joint Board
Long Term Finance Strategy**

- 1.6 If the Financial Strategy is to be successful, and achieve the objectives outlined, it must be a dynamic, living document reviewed on a regular basis.
- 1.7 The financial strategy undertakes some sensitivity analysis to provide a picture of best case, worst case and likely case in terms of financial projections. This allows Board to see the risk associated with the range of variables within the financial issues/pressures identified.
- 1.8 Recent Audit Scotland comments in relation to financial planning suggest that longer term projections of future budget positions should be provided to allow Boards to consider making longer term decisions. This strategy therefore seek to project budgets for ten years into the future and identify risks and issues longer term. It is clear that the further away from the current date that projections go the less certain the projections become, however they will allow Board to consider longer term views and options.

**Cllr Richard Trail
Convenor of the Board**

**David Thomson
Assessor & ERO**

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**Dunbartonshires and Argyll and Bute
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Long Term Finance Strategy**

2. What is the point of a Financial Strategy?

- 2.1 The purpose of a Financial Strategy is to provide clear direction, supported by a practical framework and explicitly defined parameters, on how the Board will structure and manage its financial resources in the medium to long term to ensure they are deployed effectively to comply with the statutory duties of the Assessor & ERO.
- 2.2 The Board has taken into account Guidance produced by the Institute of Public Finance (IPF) for local government organisations in Scotland on developing a Financial Strategy as well as best practice from other local authorities. The Valuation Joint Boards follow the accounting practices for local authorities.
- 2.3 The ambition of the Board is to produce a Financial Strategy that brings together the corporate objectives of the Board along with all the relevant financial information in a clear and accessible document over the longer term.
- 2.4 The value of such a Strategy is that it should enable the Board to understand the wider policy and financial environment within which it operates, identify and respond flexibly to opportunities and threats, manage and mitigate risks and ensure that financial resources are contributing to the statutory duties of the Assessor & ERO.
- 2.5 The Strategy will also provide information to a range of stakeholders:

Table 1 – Stakeholder Information

Stakeholder	Purpose of finance strategy
For the Board and Elected Members	to decide how available financial resources will be used and prioritised
For Chief Officers, managers and employees	to reinforce and support their roles in financial management arrangements
For partners	to share the Board’s vision and help understand legislative demands on the Board

- 2.6 The Strategy identifies issues that will impact longer term so that the Board can plan ahead; it includes expenditure forecasts, and projected funding, where known.
- 2.7 Inevitably some of the information of the Financial Strategy will be based on assumptions and these will change over time - the Strategy will be reviewed and updated annually so that the Board can respond proactively to any such changes. This is particularly the case the longer into the future the projections are taken.

3. Financial Summary

Revenue Budget

- 3.1 The budget process for 2017/18 was progressed through the Board in the normal manner and the Board was able to set a balanced budget through the use of reserves.

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Long Term Finance Strategy**

- 3.2 Indicative budget gaps for 2018/19 (£0.163m) and 2019/20 (£0.203m, cumulative) were reported to Members during the budget setting process for 2017/18. These indicative budgets have now been reviewed and rolled forward to 2020/21.
- 3.3 A sensitivity analysis has been undertaken on the main areas of financial pressure to 2020/21 and this provides the range of anticipated outcomes in terms of future budget gaps based on a best case, worst case and likely case outcomes as follows:

Table 2 – Outcome of sensitivity analysis

	2018/19 £m	2018/19 £m	2020/21 £m
LIKELY PROJECTION	0.157	0.229	0.307
BEST CASE	0.157	0.213	0.290
WORST CASE	0.157	0.483	0.540

The above illustrates that following the review of the financial position and under the “likely” set of assumptions that the gaps for 2018/19 to 2020/21 have changed due to assumptions such as pay award, employers pension contributions and Government grants.

The expectation is that Board will plan on the likely case outcome above, however Members may consider a prudent approach and consider the worst case.

Capital Budgets

- 3.4 Consideration has been given to the Board’s likely capital spend requirements to 2021/22. The expectation is to request the contributing councils for a requisition annually and this projection should assist these councils with their ongoing capital planning.

Table 3 – Anticipated capital spend (excluding slippage)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Anticipated new project spend	5,344	16,800	8,800	27,800
Anticipate resources	(5,344)	(6,589)	0	0
Anticipated contribution from councils	0	10,211	8,800	27,800

- 3.5 Table 4 provides a summary of the Board’s projections for Revenue and Capital for 2018/19 to 2020/21. At this point, funding is unknown beyond 2018/19 and therefore assumptions have been made. Note these projections are based on the “likely” outcome from the sensitivity analysis identified at 3.3 and 3.4 above.

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Table 4 - Three Year Summary - Revenue and Capital

	2018/19 £m	2019/20 £m	2020/21 £m
Revenue Budget	2.768	2.840	2.918
<u>Funded by:</u>			
Constituent Contributions	(2.611)	(2.611)	(2.611)
Reserves	(0.157)	0.000	0.000
Cumulative Funding Gap	0.000	0.229	0.307
Capital Budget			
Anticipated Spend (including slippage)	0.017	0.017	0.009
<u>Funded by:</u>			
Capital Contributions from Councils	0.000	0.010	0.009
Unapplied Capital Reserves held	0.017	0.007	0.000
Revenue Contributions	0.000	0.000	0.000
Cumulative Funding Gap	0.000	0.000	0.000

4. National Context

The Financial Settlement/ Government Grant

- 4.1 The Scottish Government has provided draft settlement figures for 2018/19 only to councils at this stage. Therefore it is difficult to forecast contributions to the Board for beyond 2018/19.
- 4.2 Cabinet Office grant is likely to be available for the short term (possibly 2-3yrs) but duration and extent are completely unknown.

5. Local Context

- 5.1 The environment within which the Board operates has changed significantly in recent years and is likely to alter further over the period of this strategy due to changes in legislation, policy and other national developments (a recent example of this being the Barclay Review and the Government's Action Plan arising from that review).

The Planning Context

- 5.2 The Board's draft Service Plan for 2017-20 sets out a clear vision:
"We professionally compile and maintain the Valuation Rolls, Council Tax Valuation Lists and Registers of Electors for the Argyll & Bute, East Dunbartonshire and West Dunbartonshire council areas and, building on our established professionalism, we aim to provide high quality, effective and responsive services to all of our stakeholders"
- 5.3 To achieve this vision the Board will work with its key partners and the Financial Strategy underpins the delivery of the vision, priorities and objectives identified in the Service Plan.

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6. Financial Management

Corporate Governance

- 6.1 The Board positively promotes the principles of sound corporate governance within all aspects of its activities.
- 6.2 Corporate governance is about the structures and processes for decision-making, accountability, controls and behaviour throughout the Board. It is based around key principles of openness, equality, integrity and accountability.
- 6.3 The fundamental principles of corporate governance are reflected in the various dimensions of Board business, including:
- Ensuring the compliance with statutory duties on a sustainable basis;
 - Establishing effective management structures and processes which include clearly defined roles and responsibilities for officers;
 - Developing and maintaining effective risk management systems that form part of the Board's strategic decision making process;
 - Ensuring high standards of propriety and probity in the stewardship of the Board's funds and the management of the Board's affairs; and
 - A commitment to openness in the Board's affairs and the provision of full, accurate and clear information to all stakeholders.
- 6.4 The Board's Financial Regulations and any amendments are approved by Board and are an essential component of the corporate governance of the Board.
- 6.5 The Treasurer has been designated as "the proper officer" and is responsible for advising the Board on all financial matters including the determination of Accounting Policies. This role is part of the responsibility of the Strategic Lead – Resources from West Dunbartonshire Council.
- 6.6 The Financial Regulations are designed to facilitate the smooth running of the Board, protect its interests and the interests of members and officers, and ensure the proper administration of the Board's financial affairs.

Roles and Responsibilities

- 6.7 It is important to set out clearly the roles and responsibilities of the key parties involved in the Financial Strategy and the management of overall financial resources of the Board.

Board Members

- 6.8 Board Members, through the full Board are responsible for considering, monitoring and approving budgets and the overall Financial Strategy for the Board. Approved budgets must be financially balanced and demonstrate value for money and sustainability.
- 6.9 The Board scrutinises performance and management of resources, with internal and external audit information being reported. The Board's year end position and relevant audit comments are reported and monitored at the Board.

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- 6.10 Throughout the year the Board receives reports which allow progress against approved budgets to be scrutinised. Members' personal development opportunities are provided through an ongoing annual programme of seminars (provided to individual Members through their relevant Council) which will include updates on financial aspects.

The Board Management Team

- 6.11 The Management Team (made up of Assessor & ERO, Depute Assessor & ERO, 2 x Divisional Assessors and Principal Admin Officer) is responsible, individually and collectively, for ensuring that best value and value for money is achieved across the Board, in service delivery, internal processes and systems of control, procurement of goods/services and the use of assets.
- 6.12 The Management Team is responsible for the management of budgets to deliver the services in line with the statutory requirements of the Board and remain accountable in exercising overall financial control.

The Treasurer

- 6.13 The Treasurer has a statutory role to ensure the correct arrangements are in place for the proper administration of the financial affairs of the Board. The Treasurer has the authority to comment on any financial decision and advises the Management Team, the Assessor and Board members on all financial matters.

Internal Audit of West Dunbartonshire Council

- 6.14 Internal Audit provides assurance to the Board and the Assessor that the internal processes of the Board are being managed appropriately in line with the statutory requirements and outcomes are being delivered in the most efficient and effective manner.

External Audit

- 6.15 The role of External Audit is to provide assurance to the Auditor General and the Accounts Commission that the Board has spent public money properly to deliver outcomes in an efficient and effective manner. This is considered with a financial context, as well as performance and governance.
- 6.16 They provide assurance to Board members, the Management Team and general public that the Board's performance is reported in accordance with the extant financial standards and presents a fair account of the Board's activities.

Managing the Budget

- 6.17 The Board has an effective method of developing both the revenue budget and capital programme that has aims to align resources with the outcomes the Board wants to achieve for the area.

Revenue Budget - Pressures and Savings

- 6.18 The current process for considering the development of the revenue budget is undertaken by the Management Team. The process is undertaken with due consideration of, and agreement on, current policy and financial parameters for the budget, expenditure pressures and/or efficiencies.

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Valuation Joint Board
Long Term Finance Strategy**

Capital Programme

- 6.19 The Board is committed to developing its strategic financial planning. With this in mind, the Strategy brings forward a projection on Capital need over the forthcoming years.

Freedoms and Flexibilities

- 6.20 Virements between budgets are allowed, subject to the limitations and approval requirements identified in the Financial Regulations.

Requisitioning

- 6.21 The funding requirement for the Electoral Registration Officer is currently requisitioned in accordance with S58 of the Representation of the People Act 1983, and for the Assessor in accordance with Sch 2 para 8(1) of the Valuation Joint Boards (Scotland) Order.

7. Financial Outlook

- 7.1 Key financial issues are known or anticipated events and activities which will have to be addressed within the Board's overall financial resources in the short-term (within three years), medium-term (within five to ten years) or long-term (over ten years). Annex 1 provides an analysis of issues.
- 7.2 Events and activities include efficiencies, planned savings, changes to service priorities and delivery, and known potential pressures - the financial impact of an event or activity may be one-off, recurring or time-limited.
- 7.3 Valuation Joint Board is expected to receive Constituent Funding of £2.611m in 2018/19.
- 7.4 This Financial Strategy provides detailed revenue forecasts covering the next 3 financial years, 2018/19 to 2020/21. The forecasts for the first year being more accurate as expected levels of demand and cost for Board services are more likely to be accurate in 2018/19 than in future years. The level of funding for 2019/20 onwards is not yet known. The strategy projects that ongoing funding will remain constant, with scenario planning giving consideration to possible reductions, due to the likely impact of the ongoing UK austerity measures.
- 7.5 As part of the budget process for 2017/18 the Board agreed an optimum target for an unallocated Prudential Reserve of £0.100m. At present this strategy assumes that the Prudential Reserve is calculated in the same manner for the period to 2018/19 onwards.
- Employee Pay Awards***
- 7.6 Future employee pay awards have not been agreed. However, for the purpose of the Finance Strategy the recent Government announcement of pay award expectations has been assumed for 2018/19 (3% to £36,500; 2% to £80,000; capped at £1,600 for higher salaries). For 2019/20 and 2020/21 2% has been assumed within the likely scenario.

Dunbartonshires and Argyll and Bute Valuation Joint Board Long Term Finance Strategy

8. Reserves

- 8.1 A key aspect of the consideration of the Board's Revenue Budget and Capital Programme Budgets is the position of the relevant Reserves.
- 8.2 The Board's Prudential Reserves Policy states that the core "Prudential" Reserve be maintained at a level of 2% of net expenditure or £0.100m, which ever is higher.
- 8.3 Reserves can be held for two main purposes:
- A working balance to help cushion the impact of uneven cash flows - this forms part of general reserves;
 - A means of building up funds, often referred to as earmarked reserves, to meet unknown or predicted liabilities.
- 8.4 For each reserve held, there should be a clear protocol on:
- The reason for/purpose of the reserve;
 - How and when the reserve can be used;
 - Procedures for the reserve's management and control; and
 - A process and timescale for review of the reserve.
- 8.5 The Board's reserves as at 1 April 2017 are summarised below:

	£m
<u>Revenue Reserve</u>	
Prudential Reserve	0.100
Earmarked Reserve	0.081
Unearmarked Reserve	0.312
Total Revenue Reserve	<u>0.493</u>
<u>Capital Reserve</u>	
Earmarked Reserve	0.017
Total Capital Reserve	<u>0.017</u>
Total Reserves Held	<u>0.510</u>

9. Monitoring and Reporting Arrangements

- 9.1 The Financial Strategy will be monitored by the Management Team and the Treasurer on a regular basis - there will also be capacity to review the Strategy as and when required, particularly when a new issue arises or the impact of major policy or initiative becomes clearer.
- 9.2 The Financial Strategy will be revised when there are changes to estimates, projections or policy which have a major financial impact.
- 9.3 The financial management principles and expectations have been communicated and are understood by all budget holders.
- 9.4 The Financial Strategy has been drawn up with the full involvement of the Management Team and, will be communicated throughout the organisation.
- 9.5 During the years covered in the strategy, it is planned that the Board will receive budgetary control reports at each meeting (from Period 3 onwards), analysing variances +/-5%. The Management Team receive this information monthly from period 3 onwards.

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Long Term Finance Strategy**

10. Risk Management

- 10.1 The Board's strategic and operational risks registers (including risks relating to the Financial Strategy and delivery of the Financial Strategy) continue to be assessed, reviewed, and managed in line with the strategic priorities.

11. Approach to Generating Future Budgets

- 11.1 Currently revenue budgets are generated through the traditional process known as "Cost of Current Level of Service" with "incremental budgeting". So, in general, budgets follow the current cost of delivery of Board policies allowing for known cost increases/reductions to be built-in and for unavoidable burdens/ reductions to also be recognised as part of the cost of providing a service reflecting current Board duties. In general this process should, in theory, generate a budget which reflects Board priorities on the basis that services are set up to deliver those priorities. In essence, the base position is taken from the previous year's budget and this is adjusted for known movements.
- 11.2 Annex 2 summarises possible budget gaps over the next 10 years based upon current levels of service and a particular set of assumptions. This should assist the Board in considering longer term financial planning .

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Long Term Finance Strategy**

Annex 1

Issues (Short / Medium / Long- term)

These issues, which will need to be addressed in some way, were identified by senior management during consultation on the Financial Strategy and the impact can be one-off or recurring. Some shorter term issues (3-5 years) will continue into the medium term (5-10 years) and longer term (+10 years). This list is not exhaustive.

Risk Area	Issues Identified	Action Taken	Responsible Officer
Strategic Issues	Impact of Scottish Government Funding levels on constituent contributiond	Longer term financial strategy to help identify possible risks on budget gaps to take necessary action at an early stage	Assessor Treasurer
Organisational Issues	Impact of BREXIT	Monitor ongoing BREXIT discussions and potential impact on the Board's finances, the wider implications for Scottish Economy, etc. Consider implications of BREXIT on European funding	Assessor Treasurer
Non-Domestic Rating	Scottish Government has indicated that the NDR Revaluation cycle will move to 3-yearly from 2022	Monitor Legislation as it develops. Consider resource implications, including staffing levels	Assessor Treasurer
Electoral Registration Rervice	Changes to electoral processes arising from the UK Government's 'Modernising Electoral Registration' programme.	Monitor Legislation as it develops. Consider resource implications, including staffing levels	ERO Treasurer
Electoral Registration Rervice	Changes to electoral processes and/or franchise arising from the Scottish Government's "Consultation Paper on Electoral Reform" (Dec 2017) and its recently devolved powers in relation to electoral registration	Monitor Legislation as it develops. Consider resource implications, including staffing levels	ERO Treasurer

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Long Term Finance Strategy**

Annex 2

Longer Term Financial Projections

Based upon a set of assumptions (noted below), the 3 year indicative budget has been projected forward to identify possible gaps between income and expenditure, if no other changes in the Board's services take place:

	NET EXPENDITURE £000	STANDSTILL COUNCIL CONTRIBUTION £000	USE OF RESERVES £000	INDICATIVE BUDGET GAP £000
DRAFT BUDGET 2018/19	2,768	(2,611)	(157)	0
INDICATIVE BUDGET 2019/20	2,841	(2,611)	0	229
INDICATIVE BUDGET 2020/21	2,918	(2,611)	0	307
INDICATIVE BUDGET 2021/22	2,966	(2,611)	0	354
INDICATIVE BUDGET 2022/23	3,014	(2,611)	0	403
INDICATIVE BUDGET 2023/24	3,062	(2,611)	0	451
INDICATIVE BUDGET 2024/25	3,110	(2,611)	0	499
INDICATIVE BUDGET 2025/26	3,159	(2,611)	0	548
INDICATIVE BUDGET 2026/27	3,210	(2,611)	0	599
INDICATIVE BUDGET 2027/28	3,261	(2,611)	0	650

Assumptions:

- Payaward 2019/20 onwards 2% increase
- Protected lines – inflation 2019/20 onwards 3% increase
- Council contributions 2018/19 onwards standstill
- No further budget changes/ burdens / efficiencies have been included for 2021/22 onwards at this stage

VALUATION JOINT BOARD
ESTIMATES 2018/19 AND INDICATIVE ESTIMATES 2019/20 AND 2020/21
APPENDIX 2

ACTUAL OUTTURN 2016/17	DESCRIPTION	ESTIMATE 2017/18	YTD P10	PROJECTION 2017/18 AS AT PROJECTED		DRAFT BUDGET 2018/19	INDICATIVE BUDGET 2019/20	INDICATIVE BUDGET 2020/21
				BCR P10	VARIANCE			
£		£	£	£	£	£	£	£
1,642,147	APT&C - SALARIES	1,591,076	1,256,625	1,533,164	(57,912)	1,595,429	1,639,810	1,678,295
3,350	APT&C - OVERTIME	5,000	3,531	6,000	1,000	3,000	5,000	5,000
51,639	APT&C - TEMP	60,000	53,773	60,000	0	60,000	50,000	50,000
283,715	APT&C - SUPERANN	286,078	218,577	256,568	(29,510)	350,735	361,076	370,043
160,680	APT&C - N.I.	160,695	126,034	147,541	(13,154)	156,352	160,701	164,473
5,702	TRAINING COSTS	3,000	3,411	3,000	0	2,800	2,500	2,500
43,881	TRAVEL & SUBSISTENCE	45,000	36,647	45,000	0	45,000	45,000	45,000
504	OTHER EMPLOYEE COSTS	1,500	1,258	1,500	0	2,000	2,000	2,000
6,840	PENSION INCREASES	8,500	0	8,500	0	8,500	8,500	8,500
21,608	ILL-HEALTH RET'MENT PREMIUMS	21,000	19,043	19,043	(1,957)	21,000	21,000	21,000
136,057	STRAIN ON FUND/SEVERANCE	0	0	0	0	0	0	0
2,356,123	EMPLOYEE COSTS	2,181,848	1,718,899	2,080,316	(101,532)	2,244,816	2,295,587	2,346,811
48,642	RATES	44,000	42,644	44,000	0	48,500	49,955	51,454
1,011	FURNITURE & FITTINGS	1,000	0	200	(800)	1,000	1,000	1,000
8,331	ELECTRICITY	12,239	5,415	10,000	(2,239)	10,500	10,815	11,139
6,415	GAS	10,300	3,602	9,000	(1,300)	9,000	9,270	9,548
17,447	CONTRACT CLEANING	17,673	13,567	17,673	0	18,204	19,569	21,036
4,806	OFFICE ACCOMMODATION	9,564	(980)	5,000	(4,564)	5,000	5,000	5,000
14,143	REPAIRS & MAINTENANCE	15,000	2,514	15,000	0	15,000	15,000	15,000
4,755	OTHER PROPERTY COSTS	5,000	1,333	5,000	0	5,000	5,000	5,000
105,550	PROPERTY COSTS	114,776	68,095	105,873	(8,903)	112,204	115,609	119,178
36	CLOTHING UNIFORMS ETC	300	92	100	(200)	300	300	300
3	COMPUTER EQUIPMENT	1,000	580	600	(400)	0	0	0
307	OFFICE EQUIPMENT	500	123	250	(250)	250	250	250
0	COMPUTER CONSUMABLES	200	0	0	(200)	0	0	0
6,521	COMPUTER LICENCES	8,200	4,925	8,200	0	8,400	8,700	9,000
5,959	MACHINE RENTAL / LEASE	9,800	5,911	9,000	(800)	9,300	9,800	9,800
2,321	OTHER S & S	3,200	1,094	2,500	(700)	2,500	2,500	2,500
15,147	SUPPLIES & SERVICES	23,200	12,725	20,650	(2,550)	20,750	21,550	21,850
7,001	AUDIT FEES & OUTLAYS	7,000	0	7,110	110	7,200	7,200	7,200
7,001	PAYMENTS TO OTHER BODIES	7,000	0	7,110	110	7,200	7,200	7,200

ACTUAL OUTTURN 2016/17	DESCRIPTION	PROJECTION 2017/18 AS AT PROJECTED				DRAFT BUDGET 2018/19	INDICATIVE BUDGET 2019/20	INDICATIVE BUDGET 2020/21
		ESTIMATE 2017/18	YTD P10	BCR P10	VARIANCE			
15,957	PRINTING	24,500	12,886	18,000	(6,500)	18,000	18,600	19,500
16,305	STATIONERY	25,000	17,095	22,000	(3,000)	23,000	23,000	24,000
125,708	POSTAGES	135,000	101,891	130,000	(5,000)	130,000	125,000	130,000
10,211	TELEPHONES	22,000	10,462	19,000	(3,000)	20,500	23,000	23,000
7,885	TELEPHONES/INTERNET REG.	8,000	8,284	8,284	284	8,700	9,000	9,500
4,492	BOOKS & PUBLICATIONS	4,800	5,034	4,800	0	5,000	5,000	5,000
1,104	LAND VAL. APPEAL COURT	4,000	2,800	3,500	(500)	6,000	6,000	5,000
26,309	ELECTORAL SYSTEM SUPPORT	26,906	26,647	26,658	(248)	27,458	28,281	29,130
5,545	ELECTORAL PARTICIPATION	6,000	4,961	6,000	0	6,000	6,000	6,000
130,667	CENTRAL ADMIN COSTS	128,054	0	128,054	0	125,493	122,983	122,983
12,166	INSURANCE	11,500	16,878	12,780	1,280	13,300	13,300	13,300
5,743	OTHER ADMIN COSTS	6,000	5,373	7,000	1,000	12,000	12,000	12,000
362,092	ADMIN COSTS	401,760	212,311	386,076	(15,684)	395,451	392,164	399,413
2,509	COURSES & CONFERENCES	6,000	3,460	6,000	0	6,000	6,000	6,000
810	MISCELLANEOUS	810	775	810	0	810	810	810
34,924	VALUATION APPEALS PANEL	30,000	28,191	35,000	5,000	45,000	45,000	40,000
(68)	TEMPORARY INTEREST	(100)	0	(100)	0	(100)	(100)	(100)
38,175	OTHER EXPENDITURE	36,710	32,426	41,710	5,000	51,710	51,710	46,710
2,884,088	GROSS EXPENDITURE	2,765,295	2,044,456	2,641,735	(123,559)	2,832,130	2,883,820	2,941,161
1,800	RENTAL INCOME	1,800	900	1,800	0	1,800	1,800	1,800
3,265	SALES FEES & CHARGES	1,500	6,383	2,500	1,000	2,500	1,500	1,500
93,760	SPECIFIC GOVERNMENT GRANT	70,000	70,362	70,362	362	60,000	40,000	20,000
98,825	GROSS INCOME	73,300	77,645	74,662	1,362	64,300	43,300	23,300
2,785,263	NET EXPENDITURE	2,691,995	1,966,811	2,567,073	(124,921)	2,767,830	2,840,520	2,917,861
2,664,460	CONSTITUENT CONTRIBUTION	(2,611,171)	(2,175,976)	(2,611,171)		(2,611,171)	(2,611,171)	(2,611,171)
120,803	TRANSFER TO/(FROM) RESERVES	(80,824)	n/a	44,097		(156,659)	0	0
0	BUDGET GAP/ (SURPLUS)	(0)	n/a	(0)	n/a	0	229,350	306,690
RESERVES BROUGHT FORWARD		492,621		492,621		536,718	380,059	380,059
TRANSFER TO/ FROM RESERVES IN YEAR		(80,824)		44,097		(156,659)	0	0
RESERVES CARRIED FORWARD		411,797		536,718		380,059	380,059	380,059
PRUDENTIAL TARGET		(100,000)		(100,000)		(100,000)	(100,000)	(100,000)
EXCESS RESERVES FROM PRUDENTIAL TARGET		311,797		436,718		280,059	280,059	280,059

VALUATION JOINT BOARD
2018/19 REVENUE ESTIMATES SUBMISSION

APPENDIX 3

Overview of General position:

	£	%
(a) Revenue Budget		
Draft Net Expenditure 2018/19	2,767,830	
2017/18 Approved Expenditure	2,691,995	
Increase in Net Expenditure	75,835	2.82%

Variances over £5,000

	£	£	%
<u>Increases</u>			
Superannuation - increase in employers contribution following pension valuation	64,657		2.40%
Staffing pay award assumption	39,288		1.46%
Valuation Appeals Panel	15,000		0.56%
Other administration	6,000		0.22%
		124,945	
<u>Decreases</u>			
Staffing (including Structural changes since 1/4/17)	(34,934)		(1.30%)
Printing	(6,500)		(0.24%)
Postages	(5,000)		(0.19%)
		(46,434)	
<u>Movement in income</u>			
Reduction in expected Government Grant	10,000		0.37%
		10,000	

Scottish Government GAE allocation to Consituent Authorities
Allocation of the Requisition

APPENDIX 4

	2016/17 GAE Allocation		2017/18 GAE Allocation		Contribution £
	£000's	%	£000's	%	
COUNCIL TAX VALUATION					
EAST DUNBARTONSHIRE COUNCIL	180	33.03	180	33.15	
WEST DUNBARTONSHIRE COUNCIL	177	32.48	176	32.41	
ARGYLL & BUTE COUNCIL	188	34.50	187	34.44	
	545	100	543	100	
ELECTORAL REGISTRATION					
EAST DUNBARTONSHIRE COUNCIL	121	33.06	121	33.06	
WEST DUNBARTONSHIRE COUNCIL	119	32.51	119	32.51	
ARGYLL & BUTE COUNCIL	126	34.44	126	34.44	
	366	100	366	100	
LANDS VALUATION					
EAST DUNBARTONSHIRE COUNCIL	189	17.58	188	17.42	
WEST DUNBARTONSHIRE COUNCIL	228	21.21	229	21.22	
ARGYLL & BUTE COUNCIL	658	61.21	662	61.35	
	1,075	100	1,079	100	
COMBINED TOTAL					
EAST DUNBARTONSHIRE COUNCIL	490	24.67	489	24.60	642,285
WEST DUNBARTONSHIRE COUNCIL	524	26.38	524	26.36	688,256
ARGYLL & BUTE COUNCIL	972	48.94	975	49.04	1,280,630
	1,986	100	1,988	100	2,611,171