



*Dunbartonshire and Argyll & Bute
Valuation Joint Board*

Council Offices
Garshake Road
Dumbarton
G82 3PU

21 September 2011

Dear Sir/Madam

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
FINANCE SUB-COMMITTEE**

You are requested to attend a meeting of the above Finance Sub-Committee to be held in Meeting Room 3, West Dunbartonshire Council Offices, Garshake Road, Dumbarton on Wednesday, 28 September 2011 at 11.00 a.m.

The business is as shown on the enclosed agenda.

I shall be obliged if you will advise Nuala Borthwick (Tel. 01389 737594 email nuala.borthwick@west-dunbarton.gov.uk) if you are unable to attend the meeting.

Yours faithfully

ANDREW A. FRASER

Clerk to the Valuation Joint Board

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
FINANCE SUB-COMMITTEE

WEDNESDAY, 28 SEPTEMBER 2011

AGENDA

1. APOLOGIES

**2. ANNUAL REPORT AND FINAL ACCOUNTS – YEAR ENDING 31
MARCH 2011**

(pages 1 - 59)

Submit report by the Treasurer to the Valuation Joint Board presenting a post-audit annual report and final accounts for the year ending 31 March 2011.

**3. KPMG LLP's FINAL AUDIT REPORT TO THOSE CHARGED WITH
GOVERNANCE 2010/2011**

(pages 61 - 73)

Submit report by the Treasurer to the Valuation Joint Board advising of KPMG LLP's report on the audit of the Joint Board's accounts for 2010/11.

DUNBARTONSHIRE AND ARGYLL AND BUTE VALUATION JOINT BOARD FINANCE SUB-COMMITTEE

At a Meeting of the Dunbartonshire and Argyll & Bute Valuation Joint Board Finance Sub-Committee held in Meeting Room 2, Council Offices, Garshake Road, Dumbarton on Wednesday, 28 September 2011 at 11.26 a.m.

Present: Councillor Vaughan Moody, East Dunbartonshire Council and Councillor Jim Finn, West Dunbartonshire Council.

Attending: Alistair Boyd, Depute Assessor; Joyce White, Treasurer; Stephen West, Head of Finance & Resources; Gillian McNeilly, Finance Manager; Janice Rainey, Business Partner – Corporate Functions; Joanne Thompson, Finance Officer; and Nuala Borthwick, Committee Officer, West Dunbartonshire Council.

Also

Attending: Grant Macrae, Director, Dr Keith Macpherson, Senior Manager and John McNellis, Assistant Manager, KPMG LLP and Elaine Boyd, Senior Audit Manager, Audit Scotland.

Councillor Vaughan Moody in the Chair

CHAIR'S REMARKS

Prior to commencing with the business of the meeting, the Chair, Councillor Moody, advised that Councillor Finn would be arriving late for the meeting of the Finance Sub-Committee and therefore, in order to enable the meeting to be quorate, it was agreed to commence with the business on Councillor Finn's arrival.

Upon Councillor Finn's arrival, the Chair welcomed everyone present to the meeting of the Finance Sub-Committee and the business of the meeting commenced.

ANNUAL REPORT AND FINAL ACCOUNTS - YEAR ENDING 31 MARCH 2011

A report was submitted by the Treasurer to the Valuation Joint Board presenting a post-audit annual report and final accounts for the year ending 31 March 2011.

Following discussion and having heard the Treasurer and the Finance Manager in further explanation of the report and in answer to Members' questions, the Sub-Committee agreed:-

- (1) to note the post-audit annual report and final accounts for the year ending 31 March 2011;

- (2) to note that the fully audited report and accounts would be reported to the full Board at a later date; and
- (3) that a Briefing Note providing information on the accrued pension benefits for Senior Officers would be issued to Members of the Sub-Committee.

**KPMG LLP'S FINAL AUDIT REPORT
TO THOSE CHARGED WITH GOVERNANCE 2010/2011**

A report was submitted by the Treasurer to the Valuation Joint Board advising of KPMG LLP's report on the audit of the Joint Board's accounts for 2010/2011.

Having heard Mr Macrae, Director, KPMG LLP and the Depute Assessor in further explanation of the report and in answer to Members' questions, the Sub-Committee agreed:-

- (1) to note that no key matters arose during the audit of the financial statements;
- (2) to note that there were no management actions which required to be progressed; and
- (3) otherwise to note the terms of the report.

DATE OF NEXT MEETING

The Chair, Councillor Moody, reminded Members that the next meeting of the Valuation Joint Board would be held on Friday, 25 November 2011 at 11.00 a.m. in Tom Johnston House, Kirkintilloch.

The meeting closed at 11.45 a.m.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD

Report by Treasurer

Valuation Joint Board - 28 September 2011

Subject : Annual Report and Final Accounts – Year Ending 31 March 2011

1. Purpose

- 1.1** The purpose of this report is to present a post-audit annual report and final accounts for the year ending 31 March 2011.

2. Background

- 2.1** I am pleased to report that the draft report and accounts were submitted to the Accounts Commission before the statutory deadline of 30 June 2011.
- 2.2** A Statement on the System of Internal Financial Control is included at page 26. This statement provides assurance that the Joint Board has in place a sound system of internal financial control.
- 2.3** Members' attention is drawn to the Statement of Responsibilities on page 25.

3. Main Issues

- 3.1** KPGM LLP is currently finalising their audit of the Joint Board's 2010/2011 annual accounts. A few presentational amendments have been agreed to the draft annual report and final accounts. This revision takes account of all the agreed amendments to date. It is not anticipated that there will be any further changes, prior to receiving the signed audit certificate.
- 3.2** The foreword on page 20 summarises the financial position of the Joint Board. The foreword identifies an accumulated surplus held by the Joint Board at 31 March 2011 of £298,841. This comprises of a brought forward unallocated balance as at 31 March 2010 of £95,310 which is further increased by an in year surplus of £203,531.
- 3.3** KPMG LLP's final report to those charged with governance is submitted as a separate agenda item. This report provides further information on matters which were reviewed during the audit and which the Auditor feels are worthy of Members' attention.

3.4 This year the Financial Statements are drafted in International Financial Reporting Standards (IFRS) format for the first time. This has changed the way in which the main statements (Movement in Reserves, Comprehensive Income and Expenditure Account, Balance Sheet and Cashflow) have been prepared. The Statements include new and revised notes which gives the reader more indepth information than they have been given previously. There are a number of technical changes which have been made to comply with IFRS, including:

- (a) The Board's accounting policies have been reviewed and updated;
- (b) Fixed assets have been measured and recorded differently, particularly as a result of valuation bases, impairment, revaluation losses and a stronger emphasis on component accounting (ie separate parts of assets are categorised and depreciated separately);
- (c) Outstanding holiday pay has been accrued. That is, for staff that have annual leave/flexi hours remaining at 31 March, a provision is required to be accrued into the financial statements for the cost of this;
- (d) Categorisation of leases may change and leases held by the Board as lessee and lessor have been reviewed

4. Conclusion and Recommendation

4.1 Members are asked to note the post-audit annual report and final accounts for the year ending 31 March 2011 and that the fully audited report and accounts will be reported to the full Board at a later date.

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Joyce White
Treasurer
Date: 21 September 2011

Person to Contact: Gillian McNeilly, Finance Manager
West Dunbartonshire Council
Telephone (01389) 737194

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD

Report by Treasurer

Valuation Joint Board - 28 September 2011

**Subject : KPMG LLP's Final Audit Report to those charged with governance
2010/2011**

1. Purpose of Report

- 1.1** The purpose of this report is to advise Members of KPMG LLP's report on the audit of the Joint Board's accounts 2010/11.

2. Background

- 2.1** KPMG LLP is currently finalising their audit of the Joint Board's 2010/2011 annual accounts.
- 2.2** A few presentational amendments have been made to the draft annual report and final accounts. A revised annual report and final accounts have been submitted to Members elsewhere in the agenda. This revision takes account of all the agreed amendments to date. It is not anticipated that there will be any further changes, prior to receiving the signed audit certificate.
- 2.3** KPMG LLP is required to report to Members at the conclusion of their audit and their report to those charged with governance is appended.

3. Main Issues

Report to those charged with governance

- 3.1** KPMG has confirmed that there are no key matters arising during the audit of the financial statements. The Executive Summary to this report is noted within page 2, with further detail provided in pages 3-5.
- 3.2** It should be noted that there are no management actions to be progressed.

4. Conclusion and Recommendation

4.1 Members are requested to consider the issues raised in this report.

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Joyce White

Treasurer

Date: 21 September 2011

Person to Contact: Gillian McNeilly, Finance Manager
West Dunbartonshire Council
Telephone (01389) 737194

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

MEMBERS AS AT 31 MARCH 2011

JOINT BOARD MEMBERS

ARGYLL & BUTE COUNCIL

Councillor Donald MacMillan
Councillor Andrew Nisbet
Councillor Vivien Dance

EAST DUNBARTONSHIRE COUNCIL

Councillor Rhondda Geekie
Councillor Anne Jarvis
Councillor Vaughan Moody
Councillor John Jamieson
Councillor Gillian Renwick
Councillor Ashay Ghai

WEST DUNBARTONSHIRE COUNCIL

Councillor Craig McLaughlin
Councillor Jim Finn
Councillor Jim Brown
Councillor David McBride
Councillor John Millar

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

GENERAL SERVICE AIMS AND OBJECTIVES

WHO WE ARE AND WHAT WE DO

Dunbartonshire and Argyll & Bute Valuation Joint Board is an independent local authority which was established by The Valuation Joint Boards (Scotland) Order 1995. 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.

OUR AIMS

Building on our established professionalism, we aim to provide high quality, effective and responsive services to all of our stakeholders.

COMMITMENTS

We are committed to:

- Consulting our stakeholders, and listening and responding to their views
- Valuing staff and providing them with opportunities to develop and contribute
- Reacting innovatively to change
- Encouraging innovation and recognising achievement within the organisation
- Treating all stakeholders, including staff, in a fair, consistent manner and in accordance with equal opportunities requirements
- Striving for continuous improvement in all aspects of service delivery
- Ensuring that we are accessible and accountable to stakeholders
- Pro-actively planning workloads and deploying resources efficiently
- Using language which is easy to understand
- Working with our partners in the Scottish Assessors' Association to ensure Scotland-wide consistency of approach to service delivery

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

1.0 INTRODUCTION

I am pleased to present my annual report in relation to the 2010/11 financial year.

The main purpose of the report is to summarise the functions and activities of the office of the Assessor and ERO over the past year and provide information on the performance levels achieved in carrying out the statutory duties of the organisation.

The year proved to be a very busy year operationally, with a number of challenges having presented themselves over the year.

The 2010 Non-Domestic Rating Revaluation came into effect at 1st April 2010 and appeals against the proposed values were received in the period up to 30th September 2010. Running roll and 'material change of circumstances' appeals were received throughout the year with a particularly large tranche of the appeals in relation to the general economic situation being received in the period leading up to the end of the financial year. There was also involvement in the disposal of appeals received against entries in the 2005 roll, and the general maintenance of the Valuation Roll.

Despite the slowdown in the domestic property market, maintenance and appeal activity in relation to our Council Tax functions remained more or less at expected levels during 2010/11.

In relation to our Electoral Registration functions, the year started with the provision of registers and associated support for the UK Parliamentary elections in May 2010 and ended with the planning and preparations for the combined Scottish Parliamentary election and UK Parliamentary Voting system referendum in May 2011. The annual canvass was completed on time and feedback from the Electoral Commission's performance standards regime was good.

The VJB Management Team continues to be the main forum for decision making within the organisation. It met regularly throughout 2010/11 to manage statutory functions and operations, and develop, implement and monitor policies and strategies.

2.0 GENERAL PROGRESS IN RELATION TO STATUTORY FUNCTIONS

2.1 NON-DOMESTIC RATING

Aims

- To carry out a general revaluation every 5 years.
- To timeously compile and maintain the Valuation Roll in accordance with the relevant legislation, to take account of new properties, properties which should no longer be entered in the roll, properties which have been altered, changes to the parties shown in the Roll and other changes arising from statute or other decisions of the Courts.
- To issue Valuation Notices to the appropriate parties shown in the Valuation Roll.
- To improve upon the time taken between the date on which amendments to the Valuation Roll are effective and the date on which the Valuation Notice is issued.
- To publish the Valuation Roll, make it available to the rating authority, the Keeper of Records and other interested parties.
- To deal with appeals by discussion with ratepayers or their agents, or by hearing of appeals before the appropriate valuation appeal courts.

2005 Revaluation

The vast majority of Revaluation appeals had been disposed of by the statutory deadline of 31st December 2008. Eight such appeals, having been referred to the Lands Tribunal, remained outstanding at the start of the year. There was no Lands Tribunal activity in relation to the subjects from the Joint Board area during the year so these all remain outstanding.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

2.1 NON-DOMESTIC RATING (Cont'd)

Maintenance of the Valuation Roll

Throughout the year, professional and technical staff have been involved in the routine updating of the Valuation Roll to take account of additions, alterations and deletions. 964 amendments were made to the Valuation Roll during the year.

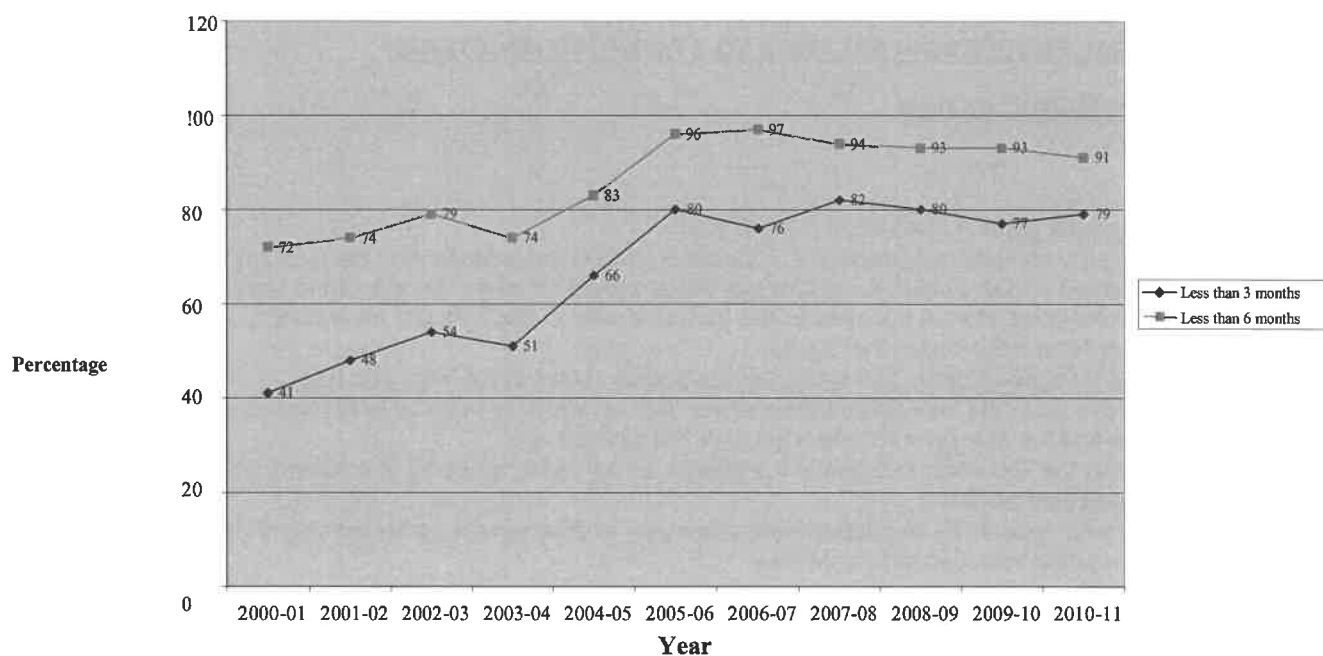
Total No of entries @ 1st April 2010	12,353
Total Rateable Value @ 1st April 2010	£318.5 million
Total Number of entries @ 31st March 2011	12,456
Total Rateable Value @ 31st March 2011	£323.4 million

The Key Performance Indicator in relation to non-domestic valuation has been defined as the time taken from the date on which amendments to the Valuation Roll are effective to the date a Valuation Notice in respect of that change is issued. The following table sets out the target and actual performance information for 2010/11 compared with the actual figures for 2009/10.

Period	Actual 2009/10	Target 2010/11	Actual 2010/11			
			Argyll & Bute	West Dunbartonshire	East Dunbartonshire	Whole VJB Area
0-3 months	77%	80%	81.5%	72.3%	80.2%	79.4%
3-6 months	16%	10%	11.5%	14.6%	11.5%	12.1%
>6 months	7%	10%	7.0%	13.1%	8.4%	8.5%

Although not all of our targets were achieved, performance was maintained at similar levels to recent years, despite losses of staff and experience through retirements. It has certainly been sustained at higher levels of service provision than existed at the inception of the Best Value regime (see below).

DABVJB - Valuation Roll KPIs 2000-2011



Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

2.1 NON-DOMESTIC RATING (Cont'd)

2005 Running Roll Appeals

At the start of 2010/11, 171 'Running Roll' appeals were outstanding. Although the 2005 Valuation Roll closed on 31st March 2010, appeals could be made against existing entries up until 30th September 2010. By that date a further 202 appeals had been received, many on the basis that the deterioration in the economy constituted a material change of circumstances affecting value.

During the year 302 appeals were disposed of with 220 being withdrawn and 82 resulting in an adjustment. The remaining appeals, which largely cover mobile, and other, telecommunications subjects, canals and the designated gas utility networks have all been referred to the Lands Tribunal and will be disposed of in due course.

2010 Revaluation

The 2010 Revaluation took effect from 1st April 2010 the ratepayers having been previously advised of their 2010 Net Annual and Rateable Values through the issue of Revaluation Notices in March 2010.

A summary of the effect of the Revaluation is shown below.

Pre-Revaluation		Post-Revaluation		
No. of Subjects	Total RV	No. of Subjects	Total RV	RV Increase
12,364	£262,757,625	12,353	£318,467,634	21.2%

Included in the above are the all-Scotland gas utility network valuations for which the Assessor for Dunbartonshire and Argyll & Bute has a statutory designation to value and maintain. These values are as below:-

Description	Pre-Revaluation	Post-Revaluation
Transmission Network	£39,030,000	£44,570,000
Distribution Network	£31,880,000	£42,000,000
Meters	No entry	£8,300,000

Rateable values are one of 2 elements in the calculation of business rates. The other is the annual national rate poundage which is set by Scottish Ministers. Multiplying a property's rateable value by the poundage rate set determines the initial rate bill in any year for each property. Following a commitment given by Scottish Ministers in 2007, the rate poundage for 2010-11 in Scotland was set to match the rate set for England at 40.7p (down 15% from the 48.1p set in 2009-10).

Overall, before any reliefs and appeals are considered, the outcome of the revaluation for close to 60% of properties in Scotland was that rates bills were the same or decreased in 2010-11 compared to 2009-10. The Small Business Bonus Scheme was amended to take cognisance of the revised Rateable Values and varying levels of relief are available to certain properties with a Rateable Value of up to £25,000. Significantly, however, there was no general scheme of Transitional Relief implemented for this Revaluation.

2010 Revaluation Appeals

Where a ratepayer, or other interested party, disagrees with a rateable value provided for their property, they may challenge the assessment through an independent appeals procedure, but they had to do so by submitting an appeal to the Assessor by 30th September 2010.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

2.1 NON-DOMESTIC RATING (Cont'd)

At the closing date for submission of appeals, the number of appeals received was as follows:-

	Appeals			Total Revaluation Roll	
	No submitted	No of subjects	Total Rateable Value	No of subjects	Rateable Value Total
Argyll & Bute	1,543	1,514	£55,621,075	7,390	£83,448,144
East Dunbartonshire	875	804	£46,632,705	2,255	£63,799,950
West Dunbartonshire	973	930	£107,844,880	2,708	£171,219,540
VJB area	3,391	3,248	£210,098,660	12,353	£318,467,634

The above represents an increase of around 11% on the 2005 Revaluation, when 3,051 appeals were submitted.

The majority of appeals will be disposed of through a series of Valuation Appeal Committee Hearings which will be scheduled by arrangement with the relevant Assistant Secretaries to the Panels. The statutory requirement is that Revaluation appeals are disposed of by Committees prior to 31st December 2013. Towards the end of the financial year, our staff were involved in appeal discussions with ratepayers and their agents and by 31st March, 96 appeals had been disposed of leaving 3,295 outstanding.

The downturn in the economy since the valuation date of 1st April 2008 has complicated the settlement of appeals and the early indications suggest that more formal litigation might be expected than at previous Revaluations. This also increases the likelihood of loss of value during the appeal process as it is the duty of the Assessor to value in accordance with the rental evidence as at the valuation date without taking into account any subsequent changes in these. The ongoing appeals process may, however, result in challenges to that position.

2010 Running Roll Appeals

The fact that the effects of the downturn in the economy have continued to be felt after 1st April 2010 resulted in an unprecedented tranche of 2,238 running roll appeals being submitted during 2010/11. Of these, 2,204 were made on the basis that a material change of circumstances had taken place. This additional appeal activity is likely to have significant effects on the workload of valuation staff in the period to 31st December 2013 and possibly beyond. It is also likely to have very significant effects on the total Rateable Value of, and hence rates income from, the subjects under appeal as losses in value are inevitable in many areas and property types.

2.2 COUNCIL TAX

Aims

- To maintain the Valuation List in accordance with the relevant legislation, to take account of new properties, properties which should no longer be entered in the List, properties which have been altered and sold, and other changes arising from statute or other decisions of the Courts.
- To issue Banding Notices to the appropriate parties.
- To improve upon the time taken between the date on which amendments to the Valuation List are effective and the date the Banding Notice is issued.
- To publish the Valuation List, make it available to the billing authority, the Keeper of Records and other interested parties.
- To deal with proposals/appeals by discussion with ratepayers or their agents, or by hearing of appeals before the appropriate valuation appeal courts.
- To keep property records up to date to take account of alterations.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

2.2 COUNCIL TAX (Cont'd)

Maintenance of Valuation List

Activity in the housing market during the year to 31st March 2011 has resulted in a net increase in the number of dwellings shown in the Council Tax List.

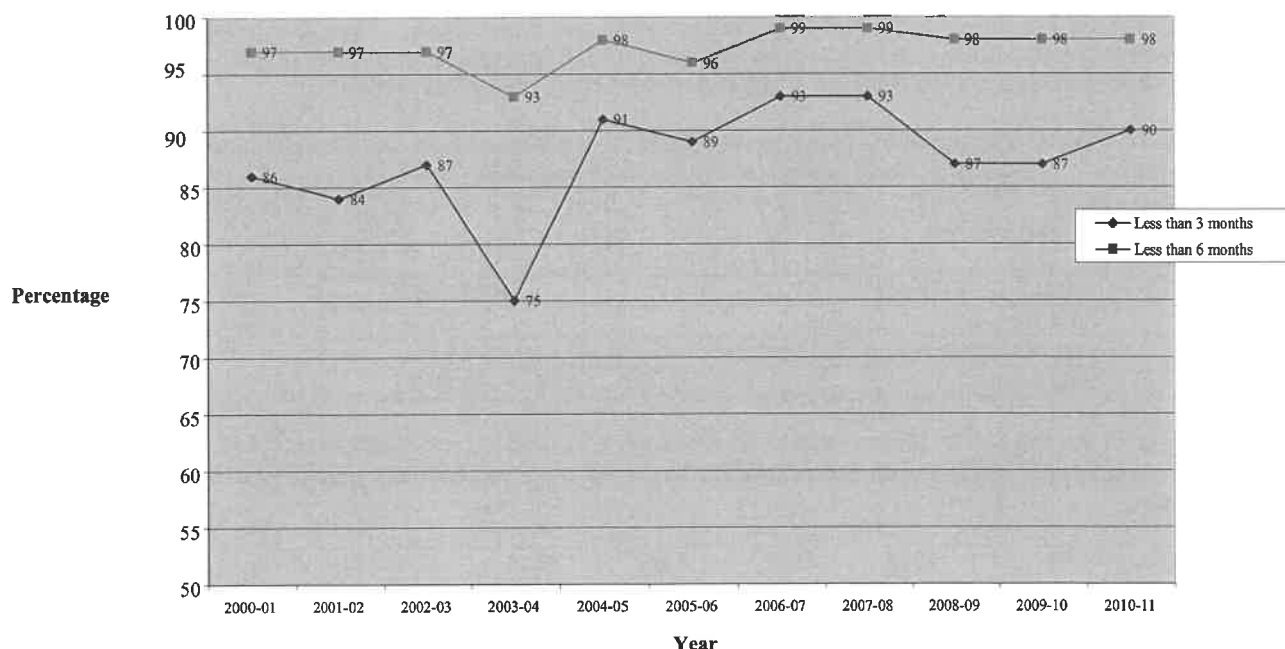
Total Number of entries @ 1st April 2010	140,492
Additions during year to 31st March 2011	989
Deletions during year to 31st March 2011	505
Total Number of entries @ 31st March 2011	140,976

The Key Performance Indicator in relation to Council Tax has been defined as the time taken from the date on which additions to the Valuation List are effective to the date a Banding Notice in respect of that new entry is issued. The following table sets out the target and actual performance information for 2010/11 compared with the actual figures for 2009/10 and shows that our target at 6 months was exceeded though we fell short against the 3 month target. Our performance was, however, better than 2008/09.

Period	Actual 2009/10	Target 2010/11	Actual 2010/11			
			Argyll & Bute	West Dunbartonshire	East Dunbartonshire	Whole VJB Area
0-3 months	87%	93%	92.7%	85.6%	89.8%	90.4%
3-6 months	11%	4%	5.6%	11.4%	10.2%	8.0%
>6 months	2%	3%	1.7%	3.0%	0.0%	1.6%

The pattern of performance over a longer period is shown over.

DABVJB Council Tax KPIs 2000-2011



Council Tax legislation permits Assessors to amend bands when a property has been altered and subsequently sold. Professional and technical staff have been engaged in completing surveys of such properties and making amendments where appropriate. During 2010/11, 58 band amendments were effected. This is a very small number of changes when compared to the workload required to fulfil this task.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

2.2 COUNCIL TAX (Cont'd)

Proposals and Appeals

109 proposals and appeals were outstanding at the start of 2010/11 and 284 were submitted during the year. In the same period, 292 were disposed of, leaving 101 outstanding.

2.3 ELECTORAL REGISTRATION

Aims

- To timeously compile and maintain the Electoral Register in accordance with the relevant legislation.
- To deal promptly with all new applications to register under Rolling Registration.
- To deal with all claims and objections relating to the Register.
- To deal with applications for absent votes, collect and securely store Personal Identifiers and maintain relevant Absent Voters lists.
- To produce, and make available for sale, copies of the Electoral Register in accordance with statutory arrangements.
- To encourage Electoral Registration in the three constituent Council areas.
- To support the efficient running of elections within the Joint Board area.

Published Electoral Register

The annual canvass was completed on schedule and the statutory deadline in relation to the publication of the Electoral Registers by 1st December was achieved.

Canvass forms were initially issued to 137,162 households with a first reminder being sent to 59,416 addresses and a second reminder being sent to 3,713 households. Once again, a slightly different approach to the door-to-door canvass was taken in 2010 with visits only being made to properties after secondary checks of the registers against other data sources had been made. The canvassers were trained to give help and advice to householders and encouraged to ingather completed forms. 10,233 households were visited by canvassers and 1,527 forms were returned by this method.

The final return at the conclusion of the canvass was 92.28%, of which 25.67% were householders who made their returns by telephone, short message service (text message) or internet and 1.11% were returns via canvassers. This return rate was very similar to the 92.12% return in 2009. The total return by Council area is shown below:-

Argyll & Bute Council	93.85%
East Dunbartonshire Council	93.94%
West Dunbartonshire Council	88.91%
VJB Area	92.28%

Elector take-up of the telephone, internet and short message service/text reply facilities for 'No Change' returns has varied since start-up with the return via these services representing 25.67% of the total return this year.

Method of Return	2005	2006	2007	2008	2009	2010
Telephone	12,172	16,554	14,196	15,076	16,074	16,589
Internet	5,363	8,849	9,244	9,554	11,348	13,404
SMS/text				2,410	3,176	5,222

The number of changes to the Register during the 2010 canvass period was as follows: -

Elector Additions	14,139
Elector Deletions	10,676
Total Electorate @ 1 st December 2010	216,433

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

2.3 ELECTORAL REGISTRATION (Cont'd)

The total electorate figure at 1st December 2010 shows a welcome recovery from the general trend of recent years when there has been a fall-off in the number of electors contained in the published register (see below).

Year	No of Electors
2010	216,433
2009	215,460
2008	216,241
2007	218,875
2006	218,399
2005	217,559

With the exception of 2008 when there was a legislative change affecting absent voting procedures, the number of Absent Voters on the Register has increased year-on-year for some time now. 2010 saw another 9.9% rise on the figures at publication of the 2009 registers.

Year	No of Absent Voters
2010	27,365
2009	24,899
2008	23,095
2007	24,045

The full Electoral Register can only be provided for certain limited statutory purposes, while an Edited Register can be sold to anyone for any purpose. Electors must advise the Electoral Registration Officer annually if they wish their name to be removed from the edited version. The option to 'opt-out' resulted in another increase in the number of electors asking for their names to be removed from the Edited Register.

Year	%age of Electors Opted out
2010	27.2%
2009	25.3%
2008	21.7%
2007	13.4%
2006	17.3%
2005	8.4%
2004	7.3%

Rolling Registration

The process of dealing with applications for changes to the Register continued outwith the canvass period and, using sources such as Council Taxpayer records, a pro-active approach to change information was adopted. The changes to the Electoral Register between January and September 2010 were as follows: -

Elector Additions	6,723
Elector Deletions	7,257
Total Amendments	13,980

and the following changes were made to the Register between publication on 1st December 2010 and 31st March 2011:-

Elector Additions	2,267
Elector Deletions	2,605
Total Amendments	4,872

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

2.3 ELECTORAL REGISTRATION (Cont'd)

Between publication of the registers in December 2010 and the end of the financial year, 17,259 individual voter registration forms were issued to households with around 50% of the additions and deletions referred to above resulting from these activities. The cost and resources required to continue with this process are not insignificant, however, and will need to be reviewed in light of tightening budgets.

Electoral Administration

Following on from the consultation on a Chief Returning Officer for Scotland and the publication of the Electoral Commission's report into the performance of the Interim Electoral Management Board (IEMB) during the preparations for the 2009 European Parliamentary elections, the EC, the Scotland Office and the Scottish Government proposed a more formal role for the (Interim) EMB.

The Local Electoral Administration (Scotland) Act 2011 will establish a formal role for the Scottish Electoral Management Board, with a Convenor appointed by a joint group containing representation from the Scottish Government, the Scotland Office and the Electoral Commission. The Board will have three Registration Officer members.

Electoral Performance

The Electoral Administration Act 2006 (EAA) gave the EC powers to set standards of performance for EROs, Returning Officers (ROs) and Referendum Counting Officers (RCOs) in Great Britain.

Following the 2010 annual canvass the Electoral Commission carried out its third electoral registration data collection and self-assessment exercise.

The self-assessment covered 10 performance standards over 4 subject areas:-

- Completeness and accuracy of electoral registration records (Standards 1–3)
- Integrity of the registration process (Standards 4–5)
- Encouraging participation in the registration process (Standards 6–8)
- Planning and organisation (Standards 9–10)

In its report entitled, 'Report on performance standards for Electoral Registration Officers in Great Britain –Third analysis of Electoral Registration Officers' performance', the Electoral Commission reported that, for the first time, EROs for all 32 Scottish council areas met or exceeded all 10 of the standards. The majority of EROs exceeded four out of the 10 standards, with performance being very strong in the first subject area, Completeness and accuracy, with nearly all officers reporting performance above Standard 1: Information sources and Standard 2: Property database.

Having been assessed as performing 'Above the Standard' in 8 of the 10 standards, the Board's own performance was again better than the national average.

CORE Project

CORE is a national project, funded by the Ministry of Justice to provide a single, convenient point of access to UK-wide electoral register data for political parties, the Electoral Commission, and other national users. It aims to make the electoral registration system more accurate, secure and cost effective, for the benefit of local authorities, authorised users and other key stakeholders. It is also a building block on which multi-channel, e-enabled elections could be built.

Following a review of its project path in 2009 and in light of the proposals to introduce Individual (rather than household based) Registration (IR) in the UK, the CORE Project Board proposed to Ministers that the development be strategically paused to allow IR policy to be further developed and to identify how CORE fits with that development in order to ascertain what would be the best way forward in both supporting IR and meeting the aims of the CORE development. That proposal was approved and the main project has, thus, come to a hiatus.

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2.3 ELECTORAL REGISTRATION (Cont'd)

Meanwhile a Ministry of Justice directive on Electoral Data Standards remained valid and our Project Team continued to move forward with the address matching between our electoral management system and the constituent Councils' Corporate Address Gazetteers (CAG). The CAG unique property reference numbers (UPRNs) have been imported into our electoral system, and addresses have been amended to conform to the data standard. During 2010/11 the final project reached a degree of compliance as allowed the project to be wound down. Close liaison with local CAGs will be retained, however, and ongoing compliance with the standard will be established as part of our maintenance regime.

Elections

Registers and associated lists and data were provided to Returning Officers for the UK Parliamentary election on 6th May 2010.

Registers were also provided for a local by-election in West Dunbartonshire on 3rd March 2011.

Elections tend to be good tests of the completeness and accuracy of the registers and I am pleased to report that these elections proceeded without any significant problems or complaints regarding the registers.

During the latter months of 2010 and early 2011 electoral staff were heavily engaged, though liaison with the IEMB, the Electoral Commission and all of our Returning Officers, in planning for the Scottish Parliamentary election and the UK Referendum on the Voting System on 5th May 2011.

3.0 GENERAL PROGRESS IN RELATION TO OTHER MATTERS

3.1 INFORMATION AND COMMUNICATIONS TECHNOLOGY

IT and Computer Provision

Computers and IT systems continue to be maintained and upgraded as required and in accordance with the recommendations from West Dunbartonshire Council's ICT & BD Department. During the financial year 21 PCs were replaced. To allow a more flexible approach to working 8 of the redundant PCs were replaced by lap tops. Two new Local Area Network (LAN) servers were purchased as part of a plan to refresh the organisation's IT systems architecture and communications network. A further part of that plan was to replace expensive fixed line communications links with broadband connections. This was completed in our Campbeltown office in November 2010, with significant savings in line rental charges, but there were performance issues with a number of our applications and the roll-out in Clydebank was therefore put on hold pending further investigations.

The start of 2010/11 saw the implementation of data transfer procedures for the logging and acknowledgement of appeals received via the SAA portal's Automated Appeals Logging System (AALS). This automated much of the processing of appeals as they were submitted, thereby reducing the workload in manually logging these, and the ability to respond to/acknowledge these appeals electronically saved further paper handling and postage.

A review of printing and photocopying requirements saw the installation of 4 multi-functional devices (MFDs) with all remaining printers and copiers being phased out or replaced. It is anticipated that this change will result in significant savings in costs of consumables.

The Assessors Progress system has historically been supported and developed by a dedicated member of staff within WDC's ICT & BD department who was fully funded by the Valuation Joint Board. In May 2010, however, the Systems Analyst transferred to the employment of the Board directly. This has brought several benefits including much closer liaison between operational staff and the developer himself. Thus operational requirements and specifications are more readily understood and acted upon.

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3.1 INFORMATION AND COMMUNICATIONS TECHNOLOGY (Cont'd)

Other initiatives completed and accomplishments achieved within our IT section during 2010/11 included:

- Ongoing integration with local authority Corporate Address Gazetteers
- Year-end procedures have been automated and documented
- New server installed for Electoral Management (EROS) system (August 2010)
- EROS database upgraded (February 2011)

Improvements in, and to, IT systems have brought a number of service and efficiency improvements in recent years but the increasing reliance on these constitutes a risk which must be managed ever more pro-actively.

A review of the Board's overall IT Strategy will take place during 2011/12.

Customer First

Throughout the year, staff actively participated as Project Board, Project Team and Working Group members in the enhancement of the SAA web portal (www.saa.gov.uk) which provides single point access to Valuation Roll, Council Tax List and Electoral Registration information on an all-Scotland basis. The site has proven to be very successful and is a good example of joint service provision and improvement. Rateable Values and Council Tax bands can be checked through simple search facilities and Practice Notes on the valuation of all non-domestic property types can be viewed. Appeals against Council Tax bands and Rateable Values can be submitted and statutory rental questionnaires can be submitted electronically via the portal.

Usage of the Portal has steadily increased since its introduction in 2004. September 2010 was the busiest month to date with more than 1.4 million page requests. The number of page requests per working day now averages more than 40,000.

Additions to the facility during 2010/11 included the provision of a new Automated Appeals Logging System which was the method of choice for submission of Revaluation and material changes of circumstances appeals (see above) for a number of rating agents.

Revaluation 2010 also saw the introduction of Summary Valuations for 'bulk category' (Shops, Offices and Industrial) subjects. This has proven to be a useful resource for ratepayers and their agents with there having been around 100,000 visits to summary valuations per month since measurements were started in September 2010.

With operational activities being focussed on the Revaluation appeals processes and with central funding of the portal having come to an end, the portal's development activities were necessarily reduced during 2010 and this is likely to be the case in the coming years.

3.2 BEST VALUE

Key Performance Indicators and Public Performance Reporting

Performance in respect of Valuation Roll and Council Tax Key Performance Indicators is reported above. Our 2009/10 Public Performance Report was published during 2010/11 on our web site (www.dab-vjb.gov.uk). Public feedback from these reports remains virtually non-existent and publication of paper versions was ceased during the year.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

3.2 BEST VALUE (Cont'd)

Performance Management and Planning

The Management Team continues to be the main forum for planning and management of performance. In accordance with our Performance and Management Planning process, the following improvement actions were taken, or were ongoing, during 2010/11:-

- A review of the 3-year (2008-2011) Service Plan and an Annual Service Calendar for 2010/11 were approved by the Valuation Joint Board in June 2010 and, as the year drew to a close, a new Service Plan for the period 2011-14 was in draft. The Management Team regularly reviews progress against these plans.
- The Reporting Framework continues to be developed, with an increasing number of reports being presented to the Management Team for regular review and/or submitted to external bodies.
- A collated Audit Action Plan is regularly reviewed by the Management Team to reflect both new requirements and actions taken.
- The Management Team regularly reviews the approved Risk Action Plan, and the Risk Register is reviewed annually. Additional Risk Registers/Action Plans were drawn up in respect of the Annual Canvass, Rolling Registration and other electoral processes. A Stress Risk Assessment was in preparation and a register of risks related to the electoral registration IT systems was in draft format.

The above, several of which are described more fully below, represent real commitments to the Best Value regime and to continuous improvement. The current financial restrictions have forced a change in emphasis from stakeholder driven service improvement to efficiency driven change, but we will continue to strive to provide improving services.

Risk Management

The Joint Board's Risk Register and Action Plan are revised annually. Additions to the Register during the year were:-

- The various risks associated with the IT infrastructure review, including loss of connectivity and the delays in implementing all the planned changes.
- Reductions in staffing levels caused by retirement and flexible retirement, with subsequent non-filling of posts.
- Increase in workloads caused by removal of rate reliefs, particularly amongst small businesses, causing large numbers of MCC appeals

All of these risks have planned actions to mitigate or minimise the risk and progress against the Action Plan is regularly monitored at Management Team meetings.

Audit

During the year, the final 2008/09 accounts of the Valuation Joint Board were subject to External Audit by KPMG LLP. The external auditor's Annual Audit report gave an unqualified opinion on the financial statements for the year to 31st March 2009.

A further KPMG LLP report to those charged with governance assessed that the Board's statement on internal financial control did not disclose any weaknesses. It did, however, recommend some numerical and presentational amendments to draft financial statements though these had no net effect on the general fund balances.

The Joint Board's operations were not subject to any specific Internal Audit during 2010/11.

All audit actions are collated into one Audit Action Plan which is regularly reviewed for progress and action by the Management Team.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

3.2 BEST VALUE (Cont'd)

Customer Satisfaction

During the year 2010/11, recent users of the Joint Board's services were randomly sampled and issued with questionnaires seeking their perception of the service provided to them. A summary of the results is provided below. These show that:-

- By far the majority of our stakeholders (98%) find us professional, courteous and helpful.
- 62% of queries or transactions are completed at the first point of contact and only 2% of matters are not concluded to the satisfaction of the stakeholder.
- Most users of Joint Board services (96%) are satisfied with the information and/or advice provided to them.
- Overall, very high satisfaction levels are being maintained on a year-to-year basis.

	Year					
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Survey Return Rate	28%	27%	26%	28%	25%	25%
Was the person with whom you communicated professional, courteous and helpful?	95%	96%	97%	97%	97%	98%
Was the matter brought to a satisfactory conclusion immediately?	59%	59%	58%	62%	58%	62%
Was the matter brought to a satisfactory conclusion?	93%	94%	95%	98%	97%	98%
Are you satisfied with the quality of the information or advice given to you?	88%	91%	95%	96%	96%	96%

No Customer Satisfaction forms were requested in alternative languages, Braille or other formats.

Of the returns which indicated the relevant equality group, 0.57% of service users were non-white, 47% were male, 53% were female and 7.7% were disabled. The age profile of service users was as shown below:-

Age	<16	16-24	25-29	30-29	40-49	50-59	60-74	75+
Total	1	0	10	27	36	35	58	8
% age	0.5%	0%	5.7%	15.4%	20.6%	20%	33.1%	4.6%

Sample sizes within the various equalities groups were too small to draw firm conclusions but satisfaction levels within minority groups and across the equalities strands were generally as positive as the overall average, with some indications that older service users are more satisfied with parts of the service than younger users

3.3 EQUALITIES

The Joint Board's Management Team is committed to the equalities agenda. The Board's Annual Progress Reports in respect of Gender, Disability and Race are published on our web site (www.dab-vjb.gov.uk).

The Equality Act 2010, which received royal assent in April 2010, replaced existing duties in respect of race, disability and gender with a new single equality duty covering the protected characteristics of race, sex, disability, sexual orientation, religion and belief, age, gender reassignment and pregnancy and maternity.

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3.3 EQUALITIES (Cont'd)

The new duty is in 2 parts – a general duty in the Equality Act 2010 itself and specific duties which are placed on some public authorities by Scottish Ministers. The purpose of the specific duties is to enable the better performance of the general duty. The Regulations required to implement these specific duties have not been approved by the Parliament, however, and the Scottish Government expects to undertake further consultation and to make Regulations to impose new specific duties later in 2011.

Thus the Joint Board will be subject to the new general duty from 5th April 2011 and will have to await further legislation before re-aligning its policies with the new provisions in due course.

3.4 STAFFING MATTERS

Development and Training

The Board's current Staff Development and Training procedures provide for a structured and strategic provision of training and development opportunities. Each member of staff reviews their training needs with their line manager on an annual basis and the resultant Training and Development Plan is used to inform the provision of training throughout the year.

In 2010/11 training was provided both through externally sourced and in-house training events in subjects as diverse as management development, conflict management, disciplinary and grievance procedures, stress management, recruitment, electoral registration and computer system changes. Formal external training was commenced for two newly appointed Trainee Valuers and for two Trainee Technicians. Equalities training included a refresher for all staff on the Language Line Translation service to which the Board subscribes.

Pay Modernisation/Single Status

The Joint Board is largely dependent on West Dunbartonshire Council's HR & OD Department for personnel related matters, and was particularly so in relation to the implementation of Pay Modernisation/ Single Status agreements.

The Board's Job Evaluation process was largely completed prior to the start of 2010/11 and a Pay and Grading model had been provided to the relevant union (Unison) for Equality Impact Assessment (EIA).

The outcomes for staff, the proposed Pay Model, and the Terms and Conditions all formed part of the EIA which was completed at the end of October. The conclusion of the EIA was that "On the basis of the information supplied, the new pay scheme is consistent with the principles of equal pay for work of equal value. It reduces the overall pay gap and removes any significant pay gap for work rated as equivalent....."

Meetings were held with Unison representatives on 30 August and 21 September to discuss how settlement could be achieved. It was proposed and agreed that settlement be recommended to staff as follows:-

1. The Pay Model would take effect from 1st January 2010.
2. All relevant employees* of the Board would be assimilated to the model on the following basis – to the next point upwards or to the bottom point of a new grade where appropriate.
3. All relevant employees who are not on the top grade within a pay band to receive one salary increment at 1st April 2010, with relevant increments to apply annually thereafter.
4. All employees who suffer detriment to remain on current salaries (inclusive of 2010/11, 0.65% pay increase) for a period of three years from 1st April 2010

* All relevant employees are all employees of the Joint Board except Chief Officials.

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Annual Report and Financial Statements for the Year Ended 31 March 2011

3.4 STAFFING MATTERS (Cont'd)

Following the successful outcome of the EIA, Unison balloted their members to determine if the pay proposals were acceptable to them and VJB management carried out the same ballot of non union members. The result of both ballots was the same with a decisive majority voting to accept the proposals.

Following the conclusion of the balloting process, the changes required to implement the agreement were successfully implemented by December 2010 with staff being placed on their new pay scales and back monies being paid. Revised contracts were completed for all staff and the deadline for appealing Job Evaluation outcomes was set for January.

Thirteen individual appeals were submitted against the outcomes for 5 posts and all appeals were heard in accordance with the agreed procedures over a period of two days in February. Arising from these appeals, the Job Overview Documents for 2 posts were amended and the wording of a third was altered but there were no changes which affected the grading of any posts.

The completion of the Appeals Process concludes the implementation of the Single Status agreement within the Valuation Joint Board. Any future issues relating to the grading of posts will be progressed through organisational change.

Consequently the Assessor has since been in discussion with HR & OD Service of West Dunbartonshire Council to consider the various outcomes and implications to current and future service delivery and to address issues arising, such as detriment.

Personnel Policies and Staff Guidance

A rolling programme of review of personnel and related policies has been ongoing for some time now and the following policies were revised or implemented in 2010/11 in line with legislative change and current practices:-

Personnel Policies

- Disciplinary Policy and Procedure
- Grievance Policy and Procedure
- Health & Safety Policy

Staff Guidance

- Document Retention Policy
- Customer Comment and Complaints Procedure
- Strategy for the Prevention & Detection of Fraud and Corruption

Restructuring

With one post of Depute Assessor having been made redundant with effect from 31st March 2010, the year commenced with a fairly significant change to the Management Team. Further change occurred in June with the retiral of a Divisional Assessor from our Clydebank office. With a view to the need for making efficiencies it is unlikely that either of these posts will be filled, at least in the short to medium term. The loss of one Depute Assessor resulted in a number of changes to the responsibilities of the Assessor and the remaining Depute Assessor and the reduction from two Divisional Assessors to one in our Clydebank office meant that the two valuation sections there now operate under the one Divisional Assessor. A further effect is that the Management Team has been reduced from 7 members to 5.

The ongoing need to find efficiencies within the staffing budget resulted in the Joint Board allowing one part-time Senior Valuer in the Clydebank office to retire and three members of staff in the Campbeltown office elected to make use of the option to 'flexibly' retire.

Further change in staffing levels and structures is likely during 2011/12.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

3.4 STAFFING MATTERS (Cont'd)

Extra Mile Award

To encourage staff to contribute to improvement initiatives and to recognise examples of where staff had displayed commitment, application or innovation, the Joint Board introduced an 'Extra Mile Award' during 2010/11, initially on a trial basis. Some excellent nominations were received from staff throughout the year with the IT Team picking up the 2010/11 award for their role in automating the appeals receipts and acknowledgement processes.

3.5 FREEDOM OF INFORMATION

Having come into effect in 2005 the Freedom of Information regime, which gives the public a general entitlement, subject to certain statutory exclusions, to be given any information held by a Scottish public authority on request, is now fairly firmly established.

A 'business as usual' approach has been taken to the majority of requests for information received, but in the calendar year to December 2010, a total of 16 requests which specifically referred to the Freedom of Information Act were received. 14 of these were responded to in full and 2 were responded to in part. Dealing with such requests took over 89 hours of staff time. This was well down on the peak of 235 hours in 2009 but it still represents a not insignificant burden on resources.

3.6 PROPERTY MATTERS

In 2008 the Valuation Joint Board approved a 3-year rolling programme of improvements to the Clydebank building to commence in April 2009. 2010/11 was year 2 of the programme and the planned works included electrical upgrading and the re-wiring of the building at an estimated cost of £96,000. On further investigation, however, it was recommended that the majority of the wiring was in a satisfactory condition and should not be replaced at this time.

On 21st January 2011 the Joint Board approved the awarding of a contract in respect of the revised programme with the successful tender amounting to £41,677.38.

Other than some mains connections work, which requires to be completed by Scottish Power, the planned electrical works were carried out, within budget, during February and March 2010. On completion of the distribution board replacements, it became apparent that the electrical circuit in one particular area of the office was insufficient to meet demand peaks. As a result, further works to split the circuits will be carried out in the near future.

During the works a power surge, caused by mains power being turned off and on again, damaged our intruder alarm system. The existing alarm company advised that our control panel and its ancillaries were obsolete and would need to be replaced. Alternative quotes to that of the incumbent supplier were sought and a replacement system was installed at a reduced cost.

Lease terms have been agreed for the let for part of 235 Dumbarton Road, Clydebank to WDC Education Technicians Centre and the lease will be concluded in early 2011/12. The welcome additional income will be offset by the loss incurred when WDC Trading Standards Department move out of the store they occupy in the same building. They have indicated that this will be in July 2011.

3.7 PARTNERSHIPS

The Valuation Joint Board is actively involved in several partnerships but the most significant of these is the staff's membership of the Scottish Assessors' Association. The Association is constituted to facilitate a consistency of approach in the administration of the non-domestic rating valuation, council tax and electoral registration services across Scotland. It works through a series of Committees and associated Working Parties, which report to regular plenary sessions which are attended by representatives from all Assessors' offices.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

3.7 PARTNERSHIPS (Cont'd)

Valuation Joint Board staff are represented in the Association's Executive, as post-holders and members of its Category Committees, in working groups and as authors of Practice Notes which are used to implement all-Scotland approaches to the valuation of various subject types. These Practice Notes are of particular importance in preparing valuations of subjects where rental, and other, evidence is limited locally and the co-operation and co-ordination of the Association is of critical importance in the completion of a Revaluation.

The SAA also liaises with the Valuation Office Agency (VOA) in England and Wales, the Northern Ireland Land & Property Services Agency (NILPS) and the Republic of Ireland Valuation Office (IVO) in matters of common interest. It also meets regularly with, and acts as a consultative body to, the Scottish Government.

Electoral Registration services are facing increasing pressures to be more consistent nationally and this is being helped through guidance received from the Electoral Commission and representation within the IEMB and the Association of Electoral Administrators.

4.0 CONCLUSION

2010/11 was my seventh year in the post of Assessor and ERO. It was one which provided its challenges but during which several landmarks were achieved.

The 2010 Revaluation was delivered at the start of the year and all appeals were logged and acknowledged as required.

The annual electoral canvass was completed within budget and registers were published on time. Our electoral registers provided the basis for the UK Parliamentary elections in May 2010 and did so with few problems or complaints. The perceived success of the Interim Elections Management Board in the delivery of recent elections saw its structure and role being retained in the preparations for the Scottish Parliamentary elections and UK Voting System referendum in May 2011 and its role in relation to Local Government elections will shortly be established in statute.

Combined with the retiral of Depute Assessor, William Mathieson, in March 2010, the retiral of Walter Watson (Divisional Assessor), who was another experienced member of staff, in June resulted in a significant loss of knowledge and experience at Management Team level. Further retirements and part-retirements during the year resulted in the Full Time Staffing Equivalent (FTE) of the office reducing to 57.5. When compared to an FTE of 65 in December 2006, it can be seen that the Board really has 'slimmed down' in recent years.

Reducing budget settlements are to be expected for both 2012/13 and 2013/14 and, with significant budget gaps already identified for these years, it is likely that staffing levels may yet have to be further reduced.

The completion of the Single Status/Pay Modernisation process was one of the main achievements during the year. The bringing of this process to a conclusion has removed large areas of uncertainty for many staff and has allowed management to focus on such future organisational change as will be required to deal with any remaining dissatisfaction or pay detriment. My thanks must go to the staff of West Dunbartonshire Council's HR & OD Service for their assistance and guidance in completing this process. The co-operation of Unison was also very much appreciated.

Despite the unsettling nature of the ongoing Pay Modernisation/Single Status Review, staff continued to deliver in all areas of service function and have done so whilst maintaining high levels of customer satisfaction. I would therefore like to take this opportunity to thank the staff, management and members of the Joint Board for their endeavour, effort, co-operation and no shortage of skill throughout the year.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

4.0 CONCLUSION (Cont'd)

The Joint Board could not function without the support of a number of departments within West Dunbartonshire Council. The current financial situation is clearly having its effects on WDC and the services it provides but I would like to extend my thanks to all relevant WDC officials, particularly to the Treasurer and Clerk to the Board and their staff.

Looking forward to 2011/12 and beyond, there are no shortages of challenges to be met. The 2010 Revaluation appeals phase is progressing against a background of economic downturn and this could lead to extended litigation and repeated rounds of appeals activity. The Local Government elections scheduled for May 2012 will be the first elections which will be managed under the auspices of the new, formally constituted, Electoral Management Board. Council Tax is likely to be with us until after the Scottish Parliamentary elections in 2016 but, as we move further and further from the valuation date of 1991, it is increasingly losing its credibility with Council Taxpayers.

There is little doubt that these challenges will need to be met against a background of public sector pay restraint and budgetary cut-backs within local government. The challenge for the years ahead will therefore be to ensure that we remain focussed on the statutory nature of our duties and continue to provide the public with efficient services which meet their performance expectations.

David C Thomson
Assessor and Electoral Registration Officer
30 September 2011

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Foreword by the Treasurer

The purpose of these financial statements is to provide clear information about the Joint Board's financial position as at 31 March 2011. This foreword is intended to give the reader an easy to understand guide to the most significant matters reported in the financial statements.

Comprehensive Income and Expenditure Statement

This account covers the day to day operational expenditure of the Joint Board and is shown on page 30 of the financial statements. The Joint Board's 2010/11 budget was constructed to break even. In event the Joint Board completed the year with an overall favourable variance against budget of £203,531. The Valuation Joint Board's financial position at 31 March 2011 may be summarised as follows:

	Budget £	Actual £
Net operating expenditure		1,458,692
Net additional amounts required to be adjusted for*		1,156,437
Net Expenditure	2,818,660	2,615,129
In-year Constituent Contribution	(2,818,660)	(2,818,660)
Overall (surplus) deficit	0	(203,531)
Transfer to/ (from) year end contribution balance	0	203,531
Net Expenditure/ (income)	0	0

* For a breakdown of adjustments (£1,156,437) see Movement in Reserves Statement (page 29). Once these adjustments have been made it results in the year end favourable position (£203,531).

The major variances were as follows:

	Variance £	
Staffing	92,974	This underspend is mainly due to employee vacancies.
Travel	17,062	This underspend is mainly due to reduced employee mileage from valuation staff being office-based in order to complete Revaluation appeal work.
Property	25,138	This underspend is due to the decrease in the Rateable Value. Gas was underspent due to the change from Oil to Gas for the heating system. Also anticipated Repairs & Maintenance work not carried out.
Supplies and Services	50,285	This underspend is due to savings in a number of headings (such as postages, printing and stationery) due to operational reviews.

With both the balance brought forward from 2009/10 (£95,310) and the in-year surplus 2010/11 (£203,531), and taking account of the 2011/12 budget being set using £115,730 of the available balances, leaving earmarked resources available for use in the future of £183,111.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Foreword by the Treasurer (Cont'd)

Balance Sheet

The balance sheet is shown on page 31 and features an assessed pension fund liability of £1.219m based on the valuation of the fund at 31 March 2011. Further information on the pension fund is provided in note 4 on pages 42 to 45. The valuation states that assets held at the valuation date were sufficient to cover only 91.5% of the accrued liabilities. It is considered appropriate that the Financial Statements should follow a 'going concern' basis of accounting. Statutory arrangements with the constituent local authorities means that the financial position of the Board remains assured.

The pension scheme net liability has decreased by £2.874m as advised by the appointed actuaries, and this is mainly as a result of using the consumer price index (CPI) rather than the retail price index (RPI). The appointed actuaries remain of the view that the asset holdings of Strathclyde Pension Scheme and the contributions from employees and employers together with planned increases in employer contributions provide sufficient security and income to meet future pension liabilities.

Balances Held

The Joint Board has no authority to hold revenue reserves. As such any revenue reserves due at 31 March 2011 are required to be held as creditors due to the three constituent authorities.

Group Financial Statements

The Joint Board has been determined to have an "associate" relationship with each of its constituent authorities and, as such, the Joint Board's results have been consolidated into each authority's group income and expenditure financial statements.

Acknowledgement

The production of the Annual Financial Statements is very much a team effort and I wish to record my thanks to both my own staff and to colleagues within the Joint Board whose efforts have contributed to the completion of these financial statements.

Joyce White, FCMA Chartered FCIPD
Treasurer
30 September 2011

Dunbartonshire and Argyll & Bute Valuation Joint Board

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Remuneration Report

Introduction

The remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 1985 (as amended by the Local Authority (Scotland) Amendment Regulations 2011). These Regulations require various disclosures about the remuneration and pension benefits of the Board and senior employees.

All information disclosed in the tables on pages 22 and 23 in this Remuneration Report has been audited by KPMG LLP. The other Sections of the Remuneration Report were reviewed by KPMG LLP to ensure that they were consistent with the financial statements.

Arrangements for Remuneration

The Board sets the remuneration levels for senior officers. Its role is to ensure the application and implementation of fair and equitable systems for pay and for performance management within the guidelines of and as determined by the Scottish Ministers and the Scottish Government. In reaching its decisions, the Board has regard the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities.

The remuneration of senior employees is set by reference to national arrangements. The Board does not pay bonuses or performance related pay. Chief Officers receive business mileage and subsistence allowances in accordance with amounts either agreed nationally by SJNC or as approved locally by the Board. Chief Officers are eligible to join the Local Government Pension Scheme (LGPS). The scheme is described in the Pension Benefits section.

Remuneration

The term *remuneration* means gross salary, fees and bonuses, allowances and expenses, and costs in relation to Early Retiral and Voluntary Severance. It excludes pension contributions paid by the Board. Pension contributions made to a person's pension are disclosed as part of the pension benefits disclosure.

Remuneration of Senior Employees

Year ended 31 March 2011						
	Gross Salary, Fess & Allowances £	Bonuses £	Taxable Expenses £	Non-cash expenses & benefits in-kind £	Total remuneration £	2009-2010 Total remuneration £
David Thomson Assessor & Electoral Registration Officer	92,247	0	0	0	92,247	90,014
Alistair Boyd Depute Assessor	73,197	0	0	0	73,197	67,613

Notes

1. The term *senior employee* means any Board employee
 - o Who has responsibility for the management of the local authority to the extent that the person has the power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
 - o Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
 - o Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Remuneration Report (Cont'd)

Remuneration of Employees receiving more than £50,000

The Board's employees receiving more than £50,000 remuneration for the year were paid the following amounts. In accordance with the disclosure requirement of the Regulations, the information in the table shows the number of employees in bands of £5,000. This information includes the senior employees who are subject to the fuller disclosure requirements in the tables above.

Remuneration Bands £	Number of Employees	
	2010/2011	2009/2010
65,000 - 69,999	0	2
70,000 - 74,999	1	0
85,000 - 89,999	0	1
90,000 - 94,999	1	0
Total	2	3

Pension Benefits

The term pension benefits covers in-year pension contributions for the employee by the Board and the named person's accrued pension benefits at the reporting date.

Pension Benefits of Senior Employees

	In-year pension contributions (employers)	
	For year to	For year to
	31 March	31 March
	2011	2010
	£	£
David Thomson	16,529	15,293
Alistair Boyd	13,188	11,470

	Accrued pension benefits – pension		Accrued pension benefits – lump sum	
	For year to	For year to	For year to	For year to
	31 March	31 March	31 March	31 March
	2011	2010	2011	2010
	£	£	£	£
David Thomson	29,696	29,696	79,995	79,995
Alistair Boyd	33,658	33,658	93,701	93,701

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Remuneration Report (Cont'd)

Pension Benefits of Senior Employees (Cont'd)

1. The LGPS is a "final salary" scheme and provides defined benefits on retirement for employee of the Board. The pension is based on the pensionable service (how long he or she has been a member of the LGPS) and his or her final pay. For most people, for service up to 31 March 2009, the annual pension is calculated by dividing their final pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. Pensions payable are increased annually in line with changes in the Consumer Price Index (CPI).
2. The lump sum, which is automatically paid when the person retires for service up to 31 March 2009, is three times his or her annual pension and is tax-free. There is no automatic lump sum for service after 31 March 2009. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.
3. A member's contribution depends on his or her full-time equivalent pay and is payable at the rate on the following tranches of pay - up to and including £18,500 5.50%; above £18,500 and up to £22,600 7.25%; above £22,600 and up to £30,900 8.50%; above £30,900 and up to £41,200 9.50%; and above £41,200 12.00%.
4. The value of the accrued benefits in the above tables has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension age for members of the LGPS is 65.
5. The pension figures shown relate to the benefits that the person has accrued as consequence of their total 'local government' service, and not just their current appointment
6. The Local Government (Discretionary Payments and Injury Benefits)(Scotland) Regulations 1998 make provision for authorities to make discretionary payments to local government employees to pay compensation for premature retirement. There were no discretionary payments made to senior employees during the year.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Statement of Responsibilities

The Boards Responsibilities:

The Board is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Board, that officer is the Treasurer; and
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Financial Statements

The Treasures Responsibilities:

The Treasurer is responsible for the preparation of the Authority's Financial Statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Financial Statements, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Treasurer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Statement on the System of Internal Financial Control

This statement is given in response to the financial statements of Dunbartonshire and Argyll & Bute Valuation Joint Board for the year ended 31 March 2011. We acknowledge our responsibilities for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within both the Joint Board and West Dunbartonshire Council in particular, the system includes:

- comprehensive budgeting systems;
- regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- the preparation of regular financial reports which indicate actual expenditure against forecast;
- clearly defined capital expenditure guidelines; and
- an effective Internal Audit service.

West Dunbartonshire Council's Head of Audit Performance & Strategic Planning produces an annual audit plan based on a risk assessment of the Valuation Joint Board's system and processes. The audit plan is endorsed by the Audit & Performance Review Committee of the Council. This Committee meets regularly and received reports from the Head of Audit Performance & Strategic Planning. Our external auditors also attend. The Head of Audit Performance & Strategic Planning produces an annual report on the work carried out by Internal Audit during the year. This report contains a view on the effectiveness of the system of internal financial control.

The Internal Audit service operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government. The Head of Audit Performance & Strategic Planning meets regularly with chief internal auditors for other authorities and staff are appropriately trained.

Our review of the effectiveness of the system of internal financial control is informed by:

- the work of managers within both the Joint Board and West Dunbartonshire Council who have responsibility for the development and maintenance of the financial control framework;
- the work of the internal auditors as described above;
- comments made by the Valuation Joint Board's external auditors in their annual audit letter and other reports; and
- knowledge of the Valuation Joint Board's governance, risk management and performance monitoring arrangements.

We are satisfied that the Valuation Joint Board has in place a sound system of internal financial control and that appropriate mechanisms are in place to identify any areas of weakness and to take appropriate action.

It is our opinion, based on the above that reasonable assurance can be placed upon the adequacy and effectiveness of the Dunbartonshire and Argyll & Bute Valuation Joint Board's internal control system in the year 31 March 2011.

Signed: D. Thomson
Assessor and Electoral Registration
Officer

Signed : J. White
Treasurer

Date: 30 September 2011

Date: 30 September 2011

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Introduction to Financial Statements

The financial statements comprise the following primary statements:

- Movement in Reserves Statement;
- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Cashflow Statement; and
- Summary of significant accounting policies and other explanatory notes

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the Board's services, more details of which are shown in the comprehensive income and expenditure statement. The net increase/decrease before transfer to earmarked reserves line shows the statutory general fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Board.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from constituent authority contributions.

Balance Sheet

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Board. The net assets of the Board (assets less liabilities) are matched by the reserves held by the Board. Reserves are reported in two categories. The first of the category of reserves are usable reserves, i.e. those reserves that the Board may use to provide services, subject to any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure). The second category of reserves is those that the Board is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where accounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the movement in reserves statement line 'adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the Board during the reporting period. The statement shows how the Board generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Board's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Board.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Movement in Reserves Statement

	Usable Reserves		Unusable Reserves			Statutory	Total
	Fund	Capital	Capital	Revaluation	Pension	Mitigation	Reserves
	Balance	Receipt	Adjustment	Reserve	Reserve	Account	£
	£	Reserves	Account	£	£	£	£
Opening Balance as at 1 April 2009	0	8,536	606,151	85,152	(746,000)	(22,089)	(68,250)
Movements in Reserves							
Surplus or (Deficit) on provision of Services	(172,780)	0	0	0	0	0	(172,780)
Other Comprehensive Income and Expenditure	0	0	112,306	0	(3,182,000)	0	(3,069,694)
Total Comprehensive Income and Expenditure	(172,780)	0	112,306	0	(3,182,000)	0	(3,242,474)
Adjustments between accounting basis & funding basis							
Depreciation/Impairment	18,238	0	(18,238)	0	0	0	0
Pension Scheme Adjustment	165,000	0	0	0	(165,000)	0	0
Statutory Repayment of Debt	(6,990)	0	6,990	0	0	0	0
Net Transfer to or from earmarked reserves required by legislation	(3,468)	0	0	0	0	3,468	0
Capital receipts applied to fund capital expenditure	0	17,683	(17,683)	0	0	0	0
Total Statutory Adjustments	172,780	17,683	(28,931)	0	(165,000)	3,468	0
Increase/Decrease in Year	0	17,683	83,375	0	(3,347,000)	3,468	(3,242,474)
Balance at 31 March 2010	0	26,219	689,526	85,152	(4,093,000)	(18,621)	(3,310,724)

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011 Movement in Reserves Statement (Cont'd)

	Usable Reserves			Unusable Reserves			
	Fund Balance £	Capital Receipt Reserves £	Capital Adjustment Account £	Revaluation Reserve £	Pension Reserve £	Statutory Mitigation Account £	Total Reserves £
Opening Balance as at 1 April 2010	0	26,219	689,526	85,152	(4,093,000)	(18,621)	(3,310,724)
Movements on Reserves							
Surplus or (Deficit) on provision of Services	1,156,437	0	0	0	0	0	1,156,437
Other Comprehensive Income and Expenditure	0	0	136,789	0	1,705,000	0	1,841,789
Total Comprehensive Income and Expenditure	1,156,437	0	136,789	0	1,705,000	0	2,998,226
Adjustments between accounting basis & funding basis							
Depreciation/ Impairment	22,332	0	(22,332)	0	0	0	0
Pension Scheme Adjustment	(1,169,000)	0	0	0	1,169,000	0	0
Statutory Repayment of Debt	(7,017)	0	7,017	0	0	0	0
Net Transfer to or from earmarked reserves required by legislation	(2,752)	0	0	0	0	2,752	0
Capital receipts applied to fund capital expenditure	0	89,487	(89,487)	0	0	0	0
Total Statutory Adjustments	(1,156,437)	89,487	(104,802)	0	1,169,000	2,752	0
Increase/Decrease in Year	0	89,487	31,987	0	2,874,000	2,752	2,998,226
Balance at 31 March 2011	0	115,706	721,513	85,152	(1,219,000)	(15,869)	(312,498)

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Comprehensive Income and Expenditure Statement

2009/10 Gross Expenditure £	2009/10 Gross Income £	2009/10 Net Expenditure £		Notes	2010/11 Gross Expenditure £	2010/11 Gross Income £	2010/11 Net Expenditure £
0	(26,198)	(26,198)	Income		0	(34,075)	(34,075)
			Customer Receipts				
			Expenditure				
2,058,805	0	2,058,805	Staffing Costs		2,119,765	0	2,119,765
118,550	0	118,550	Property Costs		118,712	0	118,712
39,869	0	39,869	Transport Costs		50,188	0	50,188
248,075	0	248,075	Supplies & Services		198,615	0	198,615
35,874	0	35,874	Payment to Other Bodies		22,229	0	22,229
160,000	0	160,000	Support Services		148,973	0	148,973
18,238	0	18,238	Depreciation, Amortisation & Impairment	6/7	22,332	0	22,332
230,000	0	230,000	Non Distributed Costs		(1,177,000)	0	(1,177,000)
2,909,411	(26,198)	2,883,213	Net Cost of Service		1,503,814	(34,075)	1,469,739
		(2,818,660)	Contributions	15			(2,818,660)
		22,749	Transfer to Creditors				203,531
		(2,795,911)	Other Operating Income				(2,615,129)
		87,302	Net Operating Income				(1,145,390)
		(1,392)	Interest Earned				(583)
		870	External Interest Payable				536
		86,000	Pension Interest Cost and Expected return on Pension Assets	4			(11,000)
		85,478	Finance and Investment Income and Expenditure				(11,047)
		172,780	(Surplus)/Deficit on provision of services				(1,156,437)
		(112,306)	(Surplus)/Deficit arising on the revaluation of fixed assets				(136,789)
		3,182,000	Actuarial (gains)/losses on pension fund assets and liabilities	4			(1,705,000)
		3,069,694	Other comprehensive Income & Expenditure				(1,841,789)
		3,242,474	Total Comprehensive Expenditure				(2,998,226)

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Balance Sheet

2008/09 £	2009/10 £	Notes		2010/11 £
695,255	774,232	6	Property, plant and equipment	801,801
10,394	7,796	7	Intangible Assets	5,198
705,649	782,028		Total Long Term Assets	806,999
1,897	1,664	9	Short Term Debtors	1,632
335,616	473,316	10	Cash and Cash Equivalents	706,679
337,513	474,980		Current Assets	708,311
(99,284)	(132,872)	12	Provisions	(89,000)
(6,995)	(7,351)		Short Term Borrowing	(333)
(251,782)	(334,509)	11	Short Term Creditors	(519,475)
(358,061)	(474,732)		Current Liabilities	(608,808)
(7,351)	0		Long Term Borrowing	0
(746,000)	(4,093,000)	4	Net Pensions Liability	(1,219,000)
(753,351)	(4,093,000)		Long Term Liabilities	(1,219,000)
(68,250)	(3,310,724)		Net Assets	(312,498)
Represented by:				
8,536	26,219	8	Usable Reserves	115,706
(76,786)	(3,336,943)	13	Unusable Reserves	(428,204)
(68,250)	(3,310,724)		Total Reserves	(312,498)

Joyce White, FCMA Chartered FCIPD
Treasurer
30 September 2011

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Cash Flow Statement

2009/10 £	Notes		2010/11 £
		Operating Activities	
(2,818,660)		Grants	(2,817,986)
(32,293)		Sale of goods and rendering of services	(31,215)
<u>(2,850,953)</u>		Cash Inflows from Operating Activities	<u>(2,849,201)</u>
2,099,337		Cash paid to and on behalf of employees	2,170,532
624,482		Other payments for operating activities	541,249
<u>2,723,819</u>		Cash Outflows from Operating Activities	<u>2,711,781</u>
<u>(127,134)</u>		Net Cash Flows from Operating Activities	<u>(137,420)</u>
		Investing Activities	
102,256		Purchase of Assets	40,894
(112,300)		Other receipts from investing activities	(136,790)
<u>(10,044)</u>		Net Cash Flows from Investing Activities	<u>(95,896)</u>
		Financing Activities	
870		Interest Paid	536
(1,392)		Interest Received	(583)
<u>(522)</u>		Net Cash Flows from Financing Activities	<u>(47)</u>
<u>(137,700)</u>		Net (Increase)/Decrease in Cash and Cash Equivalents	<u>(233,363)</u>
335,616	10	Cash and cash equivalents at the beginning of the reporting period	473,316
(473,316)	10	Cash and cash equivalents at the end of the reporting period	(706,679)
<u>(137,700)</u>			<u>(233,363)</u>

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Notes to the Financial Statements

Note 1 - Accounting Policies

1. General Principles

The Financial Statements summarise the Board's transactions for the 2010/11 financial year and its position at the year end of 31 March 2011. The Board is required to prepare an Annual Financial Statements by the Local Authority Accounts (Scotland) Regulations 1985. Section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 ("the Code") and the Best Value Accounting Code of Practice 2010/11.

The accounting convention adopted in the Financial Statements is principally historic cost, modified by the revaluation of certain categories of Property, Plant and Equipment and financial instruments.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when payment is made or received. In particular:

- Revenue from the provision of services is recognised when the Board can measure reliably the percentage of completion of the transaction and when it is probable that the economic benefits associated with the transaction will flow to the Board;
- Expenses in relation to services received are recorded as expenditure when the services are received, rather than when payment is made;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet based upon materiality;
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument, rather than on cash flows fixed or determined by the contract; and
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and charged to revenue for the income that might not be collected.

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that mature in three months or less from date of acquisition and that are readily convertible to known cash amounts, with insignificant risk of change of value.

Investments held by the Board comprise solely of short term surplus funds held within the bank balances. All deposits are held in sterling. The carrying amount is the outstanding principal receivable.

Bank balances are included in the Balance Sheet at the closing balance in the Board's financial ledger and include cheques payable not yet cashed.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Note 1 - Accounting Policies (Cont'd)

4. Changes in Accounting policies, Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, events or conditions on the Board's financial position or performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative figures, as if the new policy has always been applied.

Changes in accounting estimates are accounted for prospectively.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative figures.

5. Charges to Revenue for non-current assets

Services are debited with the following amounts to record the cost of using or holding fixed assets during the year:

- Depreciation, attributable to the assets used by the Board;
- Revaluation and impairment losses, where there is no accumulated gain in the Revaluation Reserve;
- Amortisation of intangible fixed assets.

The Board is not required to raise funds to cover depreciation, revaluation or impairment losses. Depreciation, revaluation and impairment losses and amortisations are replaced by the revenue provision by an adjustment within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

6. Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Board as a result of past events (e.g. computer software and/or software licences) is capitalised when it is expected that future economic or service benefits will flow from the asset to the Board.

Assets are measured originally at cost and only revalued where the fair value of the asset can be determined by reference to an active market.

Where an intangible asset has a finite useful life, the depreciable amount of an intangible asset is depreciated over its useful life in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is recognised in the Surplus or Deficit on the Provision of Services when the asset is derecognised.

Where expenditure qualifies as capital for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the Board's balance and are therefore reversed out in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

7. Property, Plant and Equipment

Assets that have physical substance and are held for the supply of goods and services, either directly or indirectly, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Note 1 - Accounting Policies (Cont'd)

7. Property, Plant and Equipment (Cont'd)

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Board and the cost of the asset can be measured reliably. Expenditure that maintains, but does not add to the asset's potential to deliver future economic benefits or service potential, is charged as an expense when it is incurred.

Measurement

Initially measured at cost, comprising of:

- Purchase price;
- Any costs associated with bringing the asset to the location or condition necessary for it to be capable of operating in the manner intended by management;
- The initial estimate of costs for dismantling and removing the item and restoring the site on which it is located to its original state.

Where property, plant or equipment are acquired in exchange for a non monetary asset or assets, or a combination of monetary and non monetary assets, the cost of the acquired item shall be measured at fair value unless there is no economic substance to the exchange transaction, or the fair value of neither the asset received nor the asset given up can be reliably measured. The acquired item is measured at fair value even if the Board cannot immediately derecognise the asset given up. The acquired item is measured at the carrying amount of the asset given up if it is not measured at fair value.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Other buildings – fair value. Where there is no market based evidence of fair value because of the specialised nature of the asset and the asset is rarely sold, depreciated replacement cost is used as an estimate of fair value;
- Plant and equipment and other non property assets – fair value. Where assets in this class have either short useful lives or low values (or both), depreciated historical cost is considered to be a proxy for fair value where the useful life is a realistic reflection of the life of the asset and the depreciation method provides a realistic reflection of the consumption of the asset class.

Assets included in the Balance Sheet at fair value are re-valued regularly to ensure their carrying amount is not materially different from the fair value at the year end, as a minimum every 5 years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, the revaluation loss is accounted by:

- Balance of revaluation gains for the asset in Revaluation Reserve – the carrying amount of the asset is written down against that balance (up to the total gain)
- No balance of revaluation gains for the asset in the Revaluation Reserve – the carrying amount is written down in the Comprehensive Income and Expenditure Statement

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Note 1 - Accounting Policies (Cont'd)

7. Property, Plant and Equipment (Cont'd)

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at the end of each financial year for evidence in impairment or a reduction in value. Where indications exist and any possible differences are estimated to be material, the recoverable amount on the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Balance of revaluation gains for the asset in Revaluation Reserve – the carrying amount of the asset is written down against that balance (up to the total accumulated gains)
- No balance of revaluation gains for the asset in the Revaluation Reserve – the carrying amount is written down in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would be charged if the loss had not been recognised.

Depreciation

Depreciation is provided on all property, plant and equipment over their useful economic lives, with an exception made for assets without a determinable finite useful life (i.e. non depreciating land).

The useful lives of assets, as estimated and advised by a suitably qualified officer, are as follows:

- | | | |
|--------------------------|-------------|---------------|
| • Other buildings * | 20-60 years | straight line |
| • Vehicles, plant, equip | 5-10 years | straight line |
| • Intangibles | 5-10 years | straight line |

* Including components such as structure, mechanical and electrical, etc.

Where an item of property, plant and equipment assets has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current depreciation charged on assets and the depreciation that would be chargeable based upon historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Dunbartonshire and Argyll & Bute Valuation Joint Board

Annual Report and Financial Statements for the Year Ended 31 March 2011

Note 1 - Accounting Policies (Cont'd)

8. Employee Benefits

Benefits payable during employment

Short term employee benefits (i.e. fall due within 12 months of the year-end), such as wages and salaries, paid leave, paid sick leave, bonuses and non monetary benefits for current employees are recognised as an expense in the year in which the employees render service to the Board. An accrual is made against the Surplus or Deficit on the Provision of Service for the costs of holiday entitlement and other forms of leave earned by the employee but not taken before the year end and which employees can carry forward into the next financial year. Any accrual made is required under statute to be reversed out of the Fund balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision made by the Board to terminate an officer's employment before the normal retirement date or an officer's decision to accept a voluntary termination package in exchange for those benefits. Termination benefits do not provide the Board with future economic benefits and consequently they are recognised on an accruals basis immediately in the Surplus or Deficit on the Provision of Services line in the Comprehensive Income and Expenditure Account when the Board is demonstrably committed to provision of the termination benefits.

Where termination benefits involve the enhancement of pensions, they are treated as pension costs for the purpose of the statutory transfer between the Pension Reserve and the Fund of the amount by which the pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations. In the Movement in Reserves Statement appropriations are required to and from the Pension Reserve to remove notional debits and credits for termination benefits related to pensions enhancements and replace them with the cost of the cash paid, including any amounts due and not paid at the year end.

Post Employment Benefits

Employees of the Board are members The Local Government Pensions Scheme, administered by Glasgow City Council.

The scheme provides defined benefits to members earned as employees of the Board. The Local Government scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Board are included within the Balance Sheet on an actuarial basis using the projected unit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based upon assumptions about mortality rates, employee turnover rates, projection of earnings for current employees, etc.
- Liabilities are discounted to their value at current prices using a discount rate of x% (based upon the indicative return rate on long dated high quality corporate bonds)
- The assets of the local government pension fund attributable to the Board are included in the Balance Sheet at their fair value as follows:
 - Quotes securities – current bid price
 - Unquoted securities – professional estimate
 - Unlisted securities – current bid price
 - Property – market value

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Note 1 - Accounting Policies (Cont'd)

8. Employee Benefits (Cont'd)

- The change in the net pensions liability is analysed into seven components:
 - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
 - Expected return of assets – the annual investment return on the fund assets attributable to the Board, based on an average of the expected long term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
 - Gains/losses on settlements and curtailments – the result of actions to relieve the Board of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
 - Contributions paid to the local government pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the Fund to be charged with the amount payable by the Board to the pension fund or directly to pensioners in the year, not the amount calculated in accordance to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pension Reserve to remove any notional debits and credits for retirement benefits and replace them with the cash paid or payable at the year end, to the pension fund and pensioners. The negative balance that arises on the Pension Reserve measures the beneficial impact on the Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

The Board also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the local government pension scheme

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Note 1 - Accounting Policies (Cont'd)

9. Events after the reporting period

Events after the reporting period are those events (both favourable and unfavourable) that occur between the end of the reporting period and the date when the Financial Statements is authorised for issue. Two types have been identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements is adjusted to reflect this;
- Those that are indicative of conditions that arose after the reporting period – the Financial Statements is not adjusted to reflect this. However, if the event is material, a disclosure is made within the notes of the nature and financial effect.

10. Exceptional items

When items of income and expenditure are material, their nature and amount is disclosed separately, either within the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to the understanding of the Board's financial performance.

11. Operating Leases

Board as Lessee

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense. Charges are made on a straight line basis over the life of the lease, even if it does not match the pattern of payment.

Board as Lessor

Where the Board grants an operating lease over an asset, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if it doesn't match the pattern of payment.

12. Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place that gives the Board an obligation, either legal or constructive, as a result of a past event that results in a probable outflow of resources and a reliable estimate can be made of the amount of that obligation.

Provisions are charged as an expense to the Comprehensive Income and Expenditure Statement in the year the Board becomes aware of the obligation and measured at the best estimate at the Balance Sheet date, taking account of relevant risks and uncertainties.

When payments are eventually made they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits is now required; the provision is reversed and credited back to the relevant service.

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Note 1 - Accounting Policies (Cont'd)

12. Provisions, contingent liabilities and contingent assets (Cont'd)

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Board a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the Board. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed as a note to the accounts, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

A contingent asset arises where an event has taken place that gives the Board a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Board.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits.

13. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HM Revenues and Customs. VAT receivable is excluded from income.

Note 2 – First Time Adoption of IFRS

The Financial Statements for 2010/11 is the first to be prepared on an IFRS basis. The accounting regulations (*IFRS1 First Time Adoption of IFRS*) require that the comparative amounts are restated to reflect the new accounting policies and that the date of transition to IFRS is the earliest comparative financial period reported in the Financial Statement. For the Board this means that the date of transition to IFRS is 1 April 2009.

The tables below provide an explanation of how the transition from accounting under UK GAAP to IFRS has affected the Board's financial position. The material differences between the amounts presented for the Board's net worth and net surplus or deficit as reported under UK GAAP to the revised reporting under IFRS are provided for the following dates:

- Balance Sheet as at 1 April 2009, the date of transition to IFRS
- Balance Sheet as at 31 March 2010, the latest period presented in the Board's most recent Annual Accounts under UK GAAP
- Comprehensive Income and Expenditure Statement for 2009/2010

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Note 2 – First Time Adoption of IFRS (Cont'd)

Material Differences in the Balance Sheet at as 31 March 2009

	As Reported in Balance Sheet on Page 31 £	Accrual of Holiday Pay £	As Previously Presented under GAAP £
Fixed Assets	705,649	0	705,649
Current Assets	337,513	0	337,513
Current Liabilities	(358,061)	22,089	(335,972)
Long Term	(753,351)	0	(753,351)
Net Assets	68,250	22,089	46,161
Reserves:-			
Usables	8,536	0	8,536
Unusables	(76,786)	22,089	(54,697)
	68,250	22,089	46,161

Material Differences in the Balance Sheet at as 31 March 2010

	As Reported in Balance Sheet on Page 31 £	Accrual of Holiday Pay £	As Previously Presented under GAAP £
Fixed Assets	782,028	0	782,028
Current Assets	474,980	0	474,980
Current Liabilities	(474,732)	18,621	(456,111)
Long Term Liabilities	(4,093,000)	0	(4,093,000)
Net Assets	(3,310,724)	18,621	(3,292,103)
Reserves:-			
Usables	26,219	0	26,219
Unusables	(3,336,943)	18,621	(3,318,322)
	(3,310,724)	18,621	(3,292,103)

Material differences in the comprehensive Income and Expenditure Statement for 2009/10

	As Reported in CI&E Statement on Page 30 £	Accrual of Holiday Pay £	As Previously Presented under GAAP £
Net Cost of Services	2,896,213	3,468	2,899,681

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Note 3 – Operating Leases

Board as Lessor

The Board leases out property under operating leases to provide suitable affordable accommodation to West Dunbartonshire Council.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2011 £	31 March 2010 £
Not later than one year	23,800	0
Later than one year and not later than five years	110,259	0
Later than five years	103,941	0
	<u>238,000</u>	<u>0</u>

Board as Lessee

The Board has acquired a number of photocopiers, printers, water coolers, fax, flexi machines and use of accommodation by entering into operating leases.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2011 £	31 March 2010 £
Not later than one year	13,595	26,452
Later than one year and not later than five years	86,034	96,845
Later than five years	75,548	75,526
	<u>175,177</u>	<u>198,823</u>

Note 4 – Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers, the Board makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Board has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Board participates in the following pension schemes:

The Strathclyde Local Government Pension Scheme, which is a defined benefit statutory scheme, operated as Strathclyde Pension Fund, and administered by Glasgow City Council in accordance with the Strathclyde Local Government Pension Scheme (Scotland) Regulations 1998. This is a funded scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets. The employers' contribution rate is set by the Fund actuaries following valuation. The employer contribution rate for 2010/11 was 18.2%, and 2011/12 is set at 19.3%. In 2010/11, the Board paid an employer's contribution of £0.291m (2009/10 £0.316m).

In addition, the Board is responsible for all pension payments relating to added years' benefits which it has awarded together with the related increases. In 2010/2011, these amounted to £13,144. Strain on the Fund costs are charged in year for any early retirals. In 2010/11, the charge was £59,602.

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Note 4 – Defined Benefit Pension Schemes (Cont'd)

The Board fully complies with the international accounting standard (IAS 19) concerning the disclosure of information on pension. IAS 19 states that although the pension benefits will not be payable until the employee retires, the Board has a commitment to make these payments and must disclose the cost of this in its accounts at the time employees earn their future entitlements.

The Board recognised the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge that the Board is required to make against its budget is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the general fund via the movement in reserve statement. The following transactions have been made in the comprehensive income and expenditure statement and the general fund balance via the movement in reserves statement during the year.

2009/10 £000		2010/11 £000
	Net cost of services	
178	Current service cost	327
230	Past service cost	(1,177)
408		(850)
	Financing and investment Income and Expenditure	
593	Interest cost	767
(507)	Expected return on assets	(778)
494	Total post employment benefit charged to the Surplus or Deficit on the provision of Services	(861)
3,182	Actuarial gains and losses	(1,705)
3,676	Total post employment benefit charged to the comprehensive income and expenditure statement	(2,566)
	Movement in Reserves Statement	
(494)	Reversal of net charges made to surplus of deficit for post employment benefits	861
3,347	Increase or Decrease in Year	2,874
	Actual amount charged against the General Fund balance in the year	
316	Employer contributions payable to Scheme	291

Pension Assets and Liabilities

The underlying assets and liabilities for retirement benefits attributable to the Board as at 31 March are as follows:

	2010/11 £000	2009/10 £000	2008/09 £000	2007/08 £000	2006/07 £000
Share of assets in the SPF	11,697	10,775	7,775	7,580	7,532
Estimated liabilities in the SPF	(12,779)	(14,757)	(8,521)	(6,649)	(7,374)
Movement in recoverable amount	0	0	0	0	(158)
Net (liabilities)/assets in the SPF	(1,082)	(3,982)	(746)	931	0
Present Value of Unfunded Liabilities	(137)	(111)	0	0	0
Pre Local Government Reorganisation					
Net pension asset/(liability)	(1,219)	(4,093)	(746)	931	0

For the Strathclyde Local Government Pension Scheme at 31 March 2011 the Board has a net liability £1,082,000 and for the unfunded liabilities a net liability of £137,000. The Board's net liability of £1,219,000 at 31 March 2011 reflects the future obligations to fund retirement benefits. This represents a decrease in the net liability of £2,874,000 compared to the position at 31 March 2010. This change is a reflection of using the consumer price index (CPI) rather than the retail price index (RPI).

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Note 4 – Defined Benefit Pension Schemes (Cont'd)

Pension Assets and Liabilities (Cont'd)

"In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

This has the effect of reducing the Board's liabilities in Strathclyde Local Government Pension Scheme by £1.249m and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement.

The expected return on assets is based on long term future expected investment return for each asset class as at the beginning of the period. The expected rate of return is 7.2% as at 31/03/10, this is an increase from 6.9% as at 31/03/09.

Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The rate used to value liabilities is the basis of long dated high quality corporate bonds.

The principal actuarial assumptions used at the balance sheet date are as follows:

	31/03/2011	31/03/2010
Expected rate of return	6.9%	7.2%
Inflation/pension increase rate	2.8%	3.8%
Salary increase rate	5.1%	5.3%
Discount rate	5.5%	5.5%

Breakdown of expected rate of return:

Equity	7.5%	7.8%
Bonds	4.9%	5.0%
Property	5.5%	5.8%
Cash	4.6%	4.8%

Mortality

Based on these assumptions, the average future life expectancies at the age of 65 are:

	Males	Females
Current pensioners	20.6 years	23.9 years
Future Pensioners	22.6 years	26.0 years

The local government pension scheme's assets consist of the following categories. As at 31 March 2011, assets are now held at bid value and the historic figures are at mid market value:

	2010/11	2009/10
Equity	77%	77%
Bonds	13%	13%
Property	6%	7%
Cash	4%	3%

Dunbartonshire and Argyll & Bute Valuation Joint Board

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Note 4 – Defined Benefit Pension Schemes (Cont'd)

Pension Assets and Liabilities (Cont'd)

The actuarial gains/losses identified as movements on the Pension Reserve in 2010/11 can be analysed into the following categories:

	2010/11 £000	2009/10 £000	2008/09 £000	2007/08 £000	2006/07 £000
Actual return less expected return in Pension Scheme Assets	76	2,428	(470)	(778)	6
As a percentage of scheme assets	1%	23%	(6)%	(10)%	0%
Experience gains and losses arising on the scheme liabilities	(11)	3	(2,061)	(1)	(1)
As a percentage of scheme liabilities	0%	0%	24%	0%	0%
(Cumulative)	1,705	(3,182)	(1,796)	730	575

The movement during the year on the defined obligation is noted as:

	2010/11 £000	2009/10 £000
Opening balance	14,868	8,521
Current service cost	327	178
Interest cost	767	593
Contributions by Members	102	106
Actuarial gains/losses	(1,629)	5,610
Past service costs/(gains)	(1,177)	230
Losses/(gains) on curtailment	0	0
Estimated unfunded benefits paid	(17)	(13)
Estimated benefits paid	(325)	(357)
	12,916	14,868

The movement during the year regarding the fair value of the employer's assets is noted as:

	2010/11 £000	2009/10 £000
Opening balance	10,775	7,775
Expected return on assets	778	507
Contributions by Members	102	106
Contributions by employer	291	316
Contributions in respect of unfunded benefits	17	13
Actuarial gains/losses	76	2,428
Estimated unfunded benefits paid	(17)	(13)
Estimated benefit paid	(325)	(357)
	11,697	10,775

The total employee contributions expected to be made to the Local Government Pension Scheme for 2010/11 is £277,000.

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Note 5 – External Audit Costs

In 2010/11 the Board incurred the following fees relating to external audit in respect of external audit services undertaken in accordance with the Code of Audit Practice:

2009/10		2010/11
£		£
7,800	Fees payable for external audit services	7,320

Note 6 – Property, Plant and Equipment

	Land & Buildings £	Plant and Equipment £	Total £
Cost or Valuation			
As at 1 April 2010	762,499	37,419	799,918
Additions	25,847	21,456	47,303
As at 31 March 2011	788,346	58,875	847,221
Accumulated Depreciation and Impairment			
As at 1 April 2010	(20,050)	(5,636)	(25,686)
Depreciation Charge	(12,250)	(7,484)	(19,734)
As at 31 March 2011	(32,300)	(13,120)	(45,420)
Net Book Value at 31 March 2010	742,449	31,783	774,232
Net Book Value at 31 March 2011	756,046	45,755	801,801

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Annual Report and Financial Statements for the Year Ended 31 March 2011

Note 6 – Property, Plant and Equipment (Cont'd)

	Land & Buildings £	Plant and Equipment £	Total £
Cost or Valuation			
As at 1 April 2009	669,231	22,301	691,532
Additions	79,499	15,118	94,617
Revaluations			
To Revaluation Reserve	13,769	0	13,769
As at 31 March 2010	762,499	37,419	799,918
Accumulated Depreciation and Impairment			
As at 1 April 2009	(80,253)	(1,176)	(81,429)
Depreciation Charge	(11,180)	(4,460)	(15,640)
<u>Depreciation Written Out</u>			
To Revaluation Reserve	71,383	0	71,383
As at 31 March 2010	(20,050)	(5,636)	(25,686)
Net Book Value at 31 March 2009	588,978	21,125	610,103
Net Book Value at 31 March 2010	742,449	31,783	774,232

Revaluations

The Board carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is re-valued at least every five years. All valuations were carried out by West Dunbartonshire Council's Internal Valuer. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Dunbartonshire and Argyll & Bute Valuation Joint Board

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Note 7 – Intangible Assets

The Board accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include purchased licences.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Board. The useful lives assigned to software licences are:- 5-10 years. The carrying amount of intangible assets is amortised on a straight-line basis

The movement on Intangible Asset balances during the year is as follows:-

	2010/11 £	2009/10 £
Balance at start of year:		
Gross carrying amount	12,992	12,992
Accumulated amortisation	(5,196)	(2,598)
Net carrying amount at start of year	7,796	10,394
 Amortisation for the period	 (2,598)	 (2,598)
Net carrying amount at end of year	5,198	7,796
 Comprising:		
Gross carrying amounts	12,992	12,992
Accumulated amortisation	(7,794)	(5,196)
	5,198	7,796

Note 8 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

	£	£	£
West Dunbartonshire Council	36,988		
East Dunbartonshire Council	34,758		
Argyll and Bute Council	65,044	136,790	
Unapplied Capital contributions b/forward		26,219	163,009
Capital expenditure incurred during the year:			
Review of communications		21,456	
Upgrade to buildings		25,847	(47,303)
Unapplied Capital contributions c/forward			115,706

Note 9 – Debtors

2009/10 £		2010/11 £
	Other Entities and Individuals	
1,664	Other Debtors	1,632
1,664		1,632

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Note 10 – Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

2009/10		2010/11
£		£
472,916	Cash held by the Board (Loans Fund)	706,279
400	Imprest	400
473,316		706,679

Note 11 – Creditors

2009/10		2010/11
£		£
2,860	Central Government	0
143,042	Other Local Authorities	358,919
188,607	Other Entities and Individuals	160,556
334,509		519,475

Note 12 – Provisions

	Balance 01/04/10	Contributions	Used	Balance 31/03/11
	£	£	£	£
Equal pay claims and single status payments	132,872	0	(43,872)	89,000
	132,872	0	(43,872)	89,000

Equal pay claims and single status payments – The Board has implemented a Single Status pay structure. This provision is held for possible future equal pay claims through outstanding tribunal cases and appeals on revised gradings including additional increments from the new pay structure.

Note 13 – Unusable Reserves

31 March 2010		31 March 2011
£		£
689,526	Capital Adjustment Account	721,513
85,152	Revaluation Reserve	85,152
(4,093,000)	Pension Reserve	(1,219,000)
(18,621)	Statutory Mitigation Account	(15,869)
(3,336,943)	Total Unusable Reserves	(428,205)

Capital Adjustment Account

The capital adjustment account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the comprehensive income and expenditure statement (with reconciling postings to the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Board as finance for the costs of acquisition, construction and enhancement.

The account contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains. The movement in reserve statement provides detail of the source of all the transactions posted to the account.

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Revaluation Reserve

The revaluation reserve contains the gains made by the Board arising from increases in the value of its property, plant and equipment (and intangible assets). The balance is reduced when assets with accumulated gains are:

- re valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the capital adjustment account.

Pension Reserve

The pension reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Board accounts for post employment benefits in the comprehensive income and expenditure as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However statutory arrangements requires benefits earned to be financed as the Board makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Board has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

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Note 13 – Unusable Reserves (Cont'd)

Statutory Mitigation Account

The statutory mitigation account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from this account.

Capital Reserve

The capital reserve contains resources earmarked for Phase 3 of Building upgrade - 235 Dumbarton Road and planned upgrade of personal computers.

Note 14 – Contingent Assets & Liabilities

The Board has not identified any Contingent Assets and Liabilities

Note 15 – Contributions from Authorities

	£
Argyll & Bute Council	1,340,273
East Dunbartonshire Council	716,222
West Dunbartonshire Council	762,165
	<u>2,818,660</u>

Note 16 – Related Parties

It is a requirement of the Code that material transactions with related parties (i.e organisations with which the Board can influence or be influenced by) should be disclosed. The Board forms Group Accounts with three local authorities, namely West Dunbartonshire Council, East Dunbartonshire Council and Argyll & Bute Council. Sums due from the local authorities to the Board are detailed in Note 15.



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Dunbartonshire Argyll & Bute Valuation Joint Board Report to those charged with governance

Year ended 31 March 2011

19 September 2011



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in connection with this
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About this report

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's *Code of Audit Practice* ("the Code").

This report is for the benefit of Dunbartonshire and Argyll and Bute Valuation Joint Board and is made available to the Accounts Commission and Audit Scotland (together "the beneficiaries"), and has been released to the beneficiaries on the basis that wider disclosure is permitted for information purposes, but that we have not taken account of the wider requirements or circumstances of anyone other than the beneficiaries.

Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scope and objectives section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the beneficiaries) for any purpose or in any context. Any party other than the beneficiaries that obtains access to this report or a copy and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the beneficiaries.

Complaints

If at any time you would like to discuss with us how our services can be improved or if you have a complaint about them, you are invited to contact Grant Macrae, who is the engagement leader for our services to the Joint Board, telephone 0131 527 6611, email grant.macrae@kpmg.co.uk who will try to resolve your complaint. If your problem is not resolved, you should contact Lorraine Bennett, partner, either by writing to her at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG or by telephoning 0131 222 2000 or email to lorraine.bennett@kpmg.co.uk. We will investigate any complaint promptly and do what we can to resolve the difficulties. After this, if you are still dissatisfied with how your complaint has been handled you can refer the matter to Russell Frith, Assistant Auditor General, Audit Scotland, 110 George Street, Edinburgh, EH2 4LH.



Executive summary Headlines

Our audit work is undertaken in accordance with Audit Scotland's Code of Audit Practice ("the Code"). This specifies a number of objectives for our audit.

In accordance with ISA (UK and Ireland) 260 *Communication with those charged with governance*, this report summarises our work in relation to the financial statements.

We wish to record our appreciation of the continued co-operation and assistance extended to us by your staff during the course of our work.

Accounting		
✓	Accounting policies are appropriate for the underlying operations	Page 3
✓	A number of technical accounting matters were considered during the audit process	Page 3
Systems and controls		
	Control environment	
✓	The Joint Board reported a surplus on the provision of services of £1.1 million in 2010-11 compared to a deficit of £0.2 million in 2009-10. This is mainly due to a £1.2 million pensions gain resulting from the change from RPI to CPI. The Joint Board has net liabilities of £0.3 million at 31 March 2011 compared to £3.3 million at 31 March 2010. These arise primarily from the net pension liability, which has reduced by £2.9 million in the year as a result of the change from RPI to CPI.	Page 4
✓	We are satisfied that there are appropriate procedures for preparation and monitoring of financial information.	Page 4
✓	The finance department of West Dunbartonshire Council, which provides the financial records of the Joint Board, continues to make improvements in the financial statements preparation process. Supporting documentation available to support the audit was to a high standard, and all queries were dealt with in a timely manner.	Page 5
Audit conclusions		
✓	We anticipate issuing unqualified audit opinions	-
Mandatory communications		
✓	No significant matters in respect of: - Audit differences - Auditor independence and non-audit fees - Management representation letter content	Appendices 1 to 3

Accounting Accounting policies; technical accounting matters

The Joint Board's accounting policies have been updated to take account of the transition to IFRS.

Accounting policies

The 2010-11 financial statements have been prepared in accordance with the *Code of practice on Local Authority Accounting in the United Kingdom 2010 ("the Code")* which is based upon International Financial Reporting Standards (IFRS). As part of the transition to IFRS, there was a requirement for the Joint Board to restate the 2009-10 financial statements to provide prior year comparatives on an IFRS basis.

The accounting regulations (*IFRS First Time Adoption of IFRS*) require that the comparative amounts are restated to reflect the new accounting policies and that the date of transition to IFRS is the earliest comparative financial period reported in the Financial Statement. For the Joint Board this means that the date of transition to IFRS is 1 April 2009.

Required disclosures include material reclassification adjustments between presentation under SORP 2009 and the IFRS based code with regards to the balance sheet as at 1 April 2009 and as at 31 March 2010 and the comprehensive income and expenditure statement for the year ended 31 March 2010. We reviewed management's proposed accounting policies and made a number of recommendations for enhancement which management adopted.

Retirement benefit assumptions

The government announced on 8 July 2010 that they would in future use the consumer prices index ("CPI") in place of the retail prices index ("RPI") as the index for determining pension increases for public sector pension schemes. This will affect minimum required increases, applying to both current and future pension payments. CPI is generally expected to be lower than RPI in the long term and this should lead to lower pension increases. In addition, the cost of benefit accrual will also be correspondingly lower.

CIPFA's Local Authority Accounting Panel ("LAAP") issued a bulletin (number 89), considering the Accounting Standard Board's Urgent Issue Task Force ("ASB UITF") Abstract 48 which set out the technical basis for considering whether a body has a constructive obligation to pay benefits in line with RPI.

CIPFA's LAAP concluded that there was a presumption that the change in inflation measure from RPI to CPI is likely to be accounted for as a change in benefit with respect to local government schemes.

We are satisfied with management's assessment that scheme members expected inflationary increases to be in line with RPI and therefore that the change be accounted for as a change in benefits in the comprehensive income and expenditure statement.

- Accounts disclosures in this respect are complete and in accordance with IFRS requirements.
- The statement of comprehensive income includes a credit of £1.2 million in respect of the change in pension benefits from RPI to CPI. This was the major contributory element to the reduction of £2.9 million in the Joint Board's net pension liability as at 31 March 2011.

Financial statement level risks, financial performance

Management anticipated risks around the IFRS restatement process and the remuneration report; no audit adjustments were required and matters were concluded in a timely manner.

The Joint Board reported a surplus on the provision of services of £1.1 million, due mainly to a gain on pensions of £1.2 million.

Areas of HIGH audit risk	
Area	KPMG comment
IFRS restatement	The transition to the IFRS based Code required a number of changes as described in note two to the financial statements. We considered the restated balances as part of our overall audit approach.
Remuneration report	The Local Authority Accounts (Scotland) Amendment Regulations 2011 introduced the requirement for authorities to prepare a remuneration report for the first time. We considered the requirements of the regulations in addition to guidance provided by LAAP bulletin (number 88). We discussed enhancement to the presentation of the report and the inclusion for specific disclosures required by the Regulations. We are satisfied that the contents of the remuneration report meet the Regulations' requirements.

Financial performance	
Net cost of service	The Joint Board reported a reduction in net cost of service in 2010-11 to £1.5 million (2009-10: £2.9 million). This is due to a £1.2 million pensions gain made in 2010-11 due to the change from RPI to CPI. Staff costs were also reduced by £0.2 million, due to a number of staff vacancies being unfilled throughout the year. A transfer to creditors was made for £0.2 million. This amount is due to the constituent authorities and will be either repaid to the authorities, deducted from future contributions due from the authorities or used for future operating expenditure by the Joint Board.
Reserves	The Joint Board does not hold a general fund balance. It has net liabilities at year-end 31 March 2011 of £0.3 million (2009-10: £3.3 million). This is primarily due to a significant reduction in the pension net liability to £1.2 million in 2010-11 (2009-10: £4.1 million). The financial statements have been prepared on a going concern basis as the Joint Board's statutory funding arrangements mean that the pension liability will be met as it falls due through requisitions from the constituent authorities.

Control environment Efficiency of underlying processes

Unaudited financial statements were completed by the statutory deadline of 30 June 2011, with most supporting documentation provided along with the unaudited financial statements for audit on 1 July 2011. This was in line with the agreed timetable.

Overall, management's approach to preparing the financial statements is efficient.

Area	Comments	Recommendation
Income and expenditure	Supporting documentation was provided, in a timely manner, in respect of a number of income and expenditure categories.	③
Property, plant and equipment	We were provided with the requested information in a timely manner and finance staff of West Dunbartonshire Council, which provides the financial records of the Joint Board, responded to all queries quickly and efficiently. The draft financial statements had not been updated to reflect the detail required by the IFRS based Code. We worked closely with management to resolve the matter.	②
Pensions	The pension note was completed within the draft financial statements. Supporting documentation was provided in a timely manner.	③
Debtors and creditors	We received information requested at the start of the audit, and working papers were well prepared. Finance staff responded to all queries in a timely manner.	③
Remuneration report	The remuneration report was also available at the start of the audit fieldwork. Finance staff responded to all queries in a timely manner.	③

Note: ① Resulted in delays ② Scope for improvement ③ Efficient



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Appendices

Appendix one – audit differences

There were no audit differences identified by management and the audit process.

However, a number of presentational adjustments were required to enhance the notes disclosure in line with the IFRS based Code.

Adjusted caption	Nature of difference	Value of adjustment £'000	Impact on general fund £'000
Adjustments to the prime financial statements:			
There were no changes required to the prime financial statements.			
Presentational adjustments:			
A number of presentational adjustments were proposed by us and processed by management including:			
• presentation of movement in reserves statement; and • enhancements to various notes to comply with the new requirements of the IFRS based Code.			

Unadjusted audit differences

We are required by ISA 260 to communicate all uncorrected misstatements, other than those which are trivial, to you. There are no unadjusted audit differences in respect of our audit.

Appendix two – auditor independence and non-audit fees

We remain independent of the Valuation Joint Board and there are no non-audit fees paid or payable at the date of this report.

Framework

Auditors appointed by Audit Scotland are required to comply with its *Code of Audit Practice* when carrying out audit work. The *Code* requires that ... "Auditors should carry out their work with independence and objectivity. Their opinions, conclusions and recommendations should be, and should be seen to be, impartial. Auditors, or any associated firms, should not carry out any work for audited bodies if it would impair their independence or might lead to a reasonable perception that their independence could be impaired."

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code and the requirements of the Auditing Practices Board's Ethical Standard 1: *Integrity, Objectivity and Independence* ("Ethical Standards").

General procedures to safeguard independence

KPMG's reputation is built, in great part, upon the conduct of our professionals and their ability to deliver objective and independent advice and opinions. That integrity and objectivity underpins the work that KPMG performs and is important to the regulatory environments in which we operate. All partners, directors and staff have an obligation to maintain the relevant level of required independence and to identify and evaluate circumstances and relationships that may impair that independence.

Acting as an auditor places specific obligations on the firm, partners and staff in order to demonstrate the firm's required independence. KPMG's policies and procedures regarding independence matters are detailed in the Ethics and Independence Manual ("the Manual"). The Manual sets out the overriding principles and summarises the policies and regulations which all partners and staff must adhere to in the area of professional conduct and in dealings with clients and others.

All partners and staff must understand the personal and professional responsibilities they have towards complying with the policies set out in the Manual and follow them at all times. To acknowledge understanding of and adherence to the policies set out in the Manual, all partners and staff are required to submit an annual ethics and independence confirmation. Failure to follow these policies can result in disciplinary action.

Confirmation of independence

In relation to the audit of Dunbartonshire & Argyll and Bute Valuation Joint Board for the financial year ended 31 March 2011, we confirm that there are no relationships between KPMG LLP and the Board, its directors and senior management that we consider may reasonably be thought to bear on the objectivity and independence of Grant Macrae and audit staff and which need to be disclosed to you. The audit fee for the financial year included our work in relation to corporate governance arrangements, use of resources and the financial statements audit. There were no fees payable for non-audit services during the year.

This report is intended solely for the information the finance sub-committee and should not be used for any other purposes.

KPMG LLP

Appendix three – management representation letter

You are required to provide us with representations on specific matters such as your financial standing, application of accounting policies, and whether the transactions within the financial statements are legal and unaffected by fraud.

In the representation letter, in addition to standard representations required by auditing standards, we are requesting specific confirmation from the Treasurer that:

- the Joint Board have satisfactory title to all assets;
- all property, plant and equipment is completely and accurately disclosed and valued appropriately in line with the requirements of IAS 16 property, plant and equipment, using consistent accounting policies;
- leases have been accounted for appropriately and in line with the requirements of IAS 17 leases;
- I confirm that the Joint Board's share of the Strathclyde Pension Fund has been accounted for as a defined benefit plan. There are no other plans;
- on the basis of the process established by the Joint Board, and having made appropriate enquiries, I am satisfied that the actuarial assumptions underlying the valuation of pension plan liabilities are consistent with its knowledge of the employee population profile;
- I agree with the findings of Hyman Robertson LLP as the Joint Board's actuarial specialist in preparing the pension plan valuations. In connection with the actuarial specialist's study, I have provided the specialist with all significant and relevant information of which I am aware. I did not give or cause any such instructions to be given to the actuarial specialist with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an impact on the independence or objectivity of the actuarial specialist; and
- the change from Retail Prices Index to Consumer Prices Index for pension increases has been appropriately accounted for as a change in benefit in line with the Urgent Issues Task Force Abstract 48 and the Local Authority Accounting Panel's Bulletin 89.



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