



*Dunbartonshire and Argyll & Bute  
Valuation Joint Board*

Council Offices  
Garshake Road  
Dumbarton  
G82 3PU

15 September 2017

Dear Sir/Madam

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD**

You are requested to attend a meeting of the above Joint Board to be held in the **Council Chambers, Clydebank Town Hall, Clydebank** on **Wednesday, 27 September 2017 at 12 noon.**

The business is as shown on the enclosed agenda.

Tea and coffee will be provided on arrival and a light buffet lunch will be provided after the meeting.

I shall be obliged if you will advise Nuala Quinn-Ross (Tel. 01389 737210, email: [nuala.quinn-ross@west-dunbarton.gov.uk](mailto:nuala.quinn-ross@west-dunbarton.gov.uk)) if you are unable to attend the meeting.

Yours faithfully

**PETER HESSETT**

Clerk to the Valuation Joint Board

Distribution:-

Councillor Graham Archibald Hardie, Argyll & Bute Council  
Councillor Donald MacMillan, Argyll & Bute Council  
Councillor Iain Paterson, Argyll & Bute Council  
Councillor Alastair Redman, Argyll & Bute Council  
Councillor Richard Trail, Argyll & Bute Council  
Councillor Jim Gibbons, East Dunbartonshire Council  
Councillor John Jamieson, East Dunbartonshire Council  
Councillor Stewart MacDonald, East Dunbartonshire Council  
Councillor Vaughan Moody, East Dunbartonshire Council  
Councillor Sandra Thornton, East Dunbartonshire Council  
Councillor Jim Brown, West Dunbartonshire Council  
Councillor Jonathan McColl, West Dunbartonshire Council  
Councillor Marie McNair, West Dunbartonshire Council  
Councillor John Millar, West Dunbartonshire Council

All Substitute Councillors for information

Date of issue: 15 September 2017

# **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD**

**WEDNESDAY, 27 SEPTEMBER 2017**

## **AGENDA**

**1 APOLOGIES**

**2 DECLARATIONS OF INTEREST**

Members are invited to declare if they have an interest in any of the items of business on this agenda and the reasons for such declarations.

**3 MINUTES OF PREVIOUS MEETING 7 - 16**

Submit, for approval as a correct record, the Minutes of Meeting of the Valuation Joint Board held on 23 June 2017.

**4 ELECTORAL REGISTRATION 17 - 20**

Submit report by the Assessor and Electoral Registration Officer providing an update of the current position in relation to Electoral Registration.

**5 NON-DOMESTIC RATING AND COUNCIL TAX VALUATION 21 - 24  
PROGRESS**

Submit report by the Assessor and Electoral Registration Officer:-

- (a) advising on the progress in relation to the Assessor's Non-Domestic Rating (NDR) Valuation function;
- (b) providing an update on the Report of the 'Barclay Review' of NDR; and
- (c) advising on progress in relation to the Assessor's Council Tax Valuation function.

**6 RENEWAL OF THE BOARD'S INSURANCE CONTRACTS 25 - 26**

Submit report by the Assessor and Electoral Registration Officer providing an update on the renewal of the Board's Insurance arrangements.

**7      PROPERTY REPORT      27 - 37**

Submit report by the Assessor and Electoral Registration Officer seeking approval of a Licence with Argyll & Bute Council for the Joint Board's occupation of the Old Quay Pier Building, Campbeltown.

**8      REGISTERS OF GIFTS & HOSPITALITY AND CONFLICTS OF INTEREST      39 - 50**

Submit report by the Assessor and Electoral Registration Officer seeking Joint approval of revised Guidance on the Acceptance of Gifts and Hospitality and Recording Conflicts of Interest, including associated Declaration Forms and Registers.

**9      CODE OF GOOD GOVERNANCE      51 - 52**

Submit report by the Assessor and Electoral Registration Officer:-

- (a) seeking approval to develop a Local Code of Good Governance for the Joint Board; and
- (b) seeking approval to carry out a self-assessment of the Joint Board's Compliance with best practice in Good Governance.

**10      INTERNAL AUDIT UPDATE – ELECTORAL REGISTRATION PROCEDURES      53 - 62**

Submit report by the Assessor and Electoral Registration Officer:

- (a) presenting the Internal Audit of the Joint Board's Electoral Registration processes carried out during 2017/18; and
- (b) seeking approval of the Action Plan included within the report.

**11      REVENUE & CAPITAL BUDGETARY CONTROL REPORT TO 31 AUGUST 2017 (PERIOD 5)      63 - 67**

Submit report by the Treasurer to the Valuation Joint Board advising on the progress of both the revenue budget and the capital programme for 2017/18.

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<b>12</b>	<b>MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS – YEAR ENDING 31 MARCH 2016</b>	<b>69 - 127</b>
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Submit report by the Treasurer to the Valuation Joint Board presenting the post audit Management Commentary and Annual Accounts for the year ending 31 March 2017.

<b>13</b>	<b>AUDIT SCOTLAND'S ANNUAL AUDIT REPORT TO MEMBERS AND THE CONTROLLER OF AUDIT</b>	<b>129 - 155</b>
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Submit report by the Treasurer to the Valuation Joint Board advising of Audit Scotland's Annual Audit Report to Members and the Controller of Audit 2016/17.

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## **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD**

At a Meeting of the Dunbartonshire and Argyll & Bute Valuation Joint Board held in Meeting Room 3, First Floor, Council Offices, Garshake Road, Dumbarton on Friday, 23 June 2017 at 11.00 a.m.

**Present:** Councillors Graham Archibald Hardie, Donald MacMillan, Alistair Redman and Richard Trail, Argyll & Bute Council; Councillors Vaughan Moody and Sandra Thornton, East Dunbartonshire Council; and Councillors Jim Brown and Jonathan McColl, West Dunbartonshire Council.

**Attending:** David Thomson, Assessor & Electoral Registration Officer; Robert Nicol, Depute Assessor & Electoral Registration Officer; June Nelson-Hamilton, Principal Administration Officer; Gillian McNeilly, Finance Manager, Joanne Thomson, Accountant and Nuala Quinn-Ross, Committee Officer.

**Apologies:** Apologies for absence were intimated on behalf of Councillor Iain Paterson, Argyll & Bute Council; Councillors John Jamieson, Jim Gibbons and Stewart MacDonald, East Dunbartonshire Council; Councillors Marie McNair and John Millar, West Dunbartonshire Council and Carol Hislop, Audit Scotland.

### **MEMBERSHIP OF VALUATION JOINT BOARD**

A report was submitted by the Clerk to the Valuation Joint Board providing details of the Members appointed to the Joint Board by the constituent authorities following the local government elections in May 2017.

After discussion and having heard the Assessor & Electoral Registration Officer in further explanation of the report and in answer to Members' questions, the Board noted the position with respect to the membership of the Valuation Joint Board.

### **APPOINTMENT OF CONVENER AND DEPUTE CONVENER**

In terms of the Standing Orders of the Valuation Joint Board, and having heard the Assessor & Electoral Registration Officer in further elaboration, Councillor MacMillan seconded by Councillor Brown moved that Councillor Trail be appointed Convenor to the Joint Board. Councillor McColl seconded by Councillor Brown moved that Councillor Moody be appointed as Depute Convenor; the Joint Board agreed unanimously to both appointments, thereafter, Councillor Trail assumed the Chair.

## **Councillor Richard Trail in the Chair**

### **APPOINTMENT OF MEMBERS TO SUB-COMMITTEES, ETC.**

The Assessor & Electoral Registration Officer advised the Joint Board that on the original list of Sub-Committees contained within the agenda the Complaints Sub-Committee should read the Finance Sub-Committee. The Assessor & Electoral Registration Officer also advised that membership of the Sub-Committees normally consisted of 3 Joint Board Members, 1 from each constituent authority, with the Convenor and the Depute Convenor being Members.

Having heard the Assessor & Electoral Registration Officer in answer to Members' questions, the Joint Board agreed:-

- (1) that the membership of Sub-Committees would comprise the Convenor and the Depute Convenor and 1 other Joint Board Member from any constituent authority who had an interest or expertise in the business of that Sub-Committee; and
- (2) the appointment of Members to the following Sub-Committees:-
  - (a) Appeals Sub-Committee  
Councillors Richard Trail, Argyll & Bute Council; Councillor Vaughan Moody, East Dunbartonshire Council and Jim Brown, West Dunbartonshire Council.
  - (b) Property Sub-Committee  
Councillors Graham Archibald Hardie and Richard Trail, Argyll & Bute Council and Councillor Vaughan Moody, East Dunbartonshire Council.
  - (c) Finance Sub-Committee  
Councillor Richard Trail, Argyll & Bute Council; Councillor Vaughan Moody, East Dunbartonshire Council and Councillor John Millar, West Dunbartonshire Council.
  - (d) Recruitment Panel  
Councillor Richard Trail, Argyll & Bute Council; Councillor Vaughan Moody, East Dunbartonshire Council and Councillor Jim Brown, West Dunbartonshire Council.



## **MINUTES OF PREVIOUS MEETING**

The Minutes of Meeting of the Valuation Joint Board held on 24 February 2017 were submitted for information and approved as a correct record.

### **NON-DOMESTIC RATING AND COUNCIL TAX VALUATION PROGRESS**

A report was submitted by the Assessor & Electoral Registration Officer advising:-

- (a) on the progress in relation to the Assessor's Non-Domestic Rating Valuation function;
- (b) on the completion and outcomes of the 2017 Non-Domestic Rating Revaluation;
- (c) of the on-going 'Barclay' Review of Non-Domestic Rating; and
- (d) on the progress in relation to the Assessor's Council Tax Valuation function.

After discussion and having heard the Assessor & Electoral Registration Officer in further explanation of the report and in answer to Members' questions, the Joint Board agreed:-

- (1) to note the completion and outcomes of the 2017 Non-Domestic Rating Revaluation,
- (2) to note progress in relation to the re-introduction of Shooting Rights into the Valuation Roll;
- (3) to note the progress in relation to the disposal of Non-Domestic Rating appeals;
- (4) to note the progress in relation to maintenance of the Valuation Roll and the Council Tax Valuation Lists;
- (5) to note the progress in relation to the disposal of Council Tax appeals; and
- (6) to note that the 'Barclay' Review of Non-Domestic Rating is likely to report in July and copies of the report will be forwarded to Joint Board Members when available.

## **ELECTORAL REGISTRATION**

A report was submitted by the Assessor & Electoral Registration Officer:-

- (a) providing an update of the current position in relation to Electoral Registration; and
- (b) advising of the award of a contract for print and mail services for the purposes of completing the annual electoral canvass.

After discussion and having heard the Assessor & Electoral Registration Officer in further explanation of the report and in answer to Members' questions, the Joint Board agreed:-

- (1) to note the award of a contract for the purposes of the annual electoral canvass; and
- (2) otherwise, to note the content of the report.

## **BEST VALUE - PERFORMANCE REPORTING AND PLANNING**

A report was submitted by the Assessor & Electoral Registration Officer to the Valuation Joint Board:-

- (a) providing an update on progress in relation to Best Value and, in particular, to advise on external performance reports for the year 2016/17; and
- (b) seeking approval of the Valuation KPI targets for 2017/18.

Having heard the Assessor & Electoral Registration Officer in further explanation of the report, the Joint Board agreed:-

- (1) to note the performance in relation to the Valuation Roll and Council Tax List KPIs for 2016/17; and
- (2) to approve the KPI targets for 2017/18.

## **BEST VALUE – SERVICE PLANNING**

A report was submitted by the Assessor & Electoral Registration Officer to the Valuation Joint Board seeking approval of the Service Plan 2017-20.

After discussion and having heard the Assessor & Electoral Registration Officer in further explanation of the report and in answer to Members' questions, the Joint Board agreed to approve the Service Plan for the period 2017-20.

## **BEST VALUE – RISK MANAGEMENT UPDATE**

A report was submitted by the Assessor & Electoral Registration Officer to the Valuation Joint Board seeking approval of the Joint Board's Risk Register for 2017/18.

After discussion and having heard the Assessor & Electoral Registration Officer in further explanation of the report and in answer to Members' questions, the Joint Board agreed to approve the Risk Register, including the actions shown therein, for 2017/18.

## **BEST VALUE – CUSTOMER SERVICE UPDATE**

A report was submitted by the Assessor & Electoral Registration Officer to the Valuation Joint Board:-

- (a) advising of the results from the Customer Consultation process during 2016/17; and
- (b) advising of the outcome from the Complaints Procedure during 2016/17.

Having heard the Assessor and ERO in further explanation of the report, the Joint Board agreed:-

- (1) to note the positive results from the Customer Satisfaction Survey; and
- (2) to note the results from, and the actions taken in respect of, the Complaints Procedure.

## **PUBLIC SECTOR EQUALITY DUTY**

A report was submitted by the Depute Assessor & Electoral Registration Officer to the Valuation Joint Board seeking approval of The Public Sector Equality Duty Report and approval of the Equality Outcomes contained within the report.

After discussion and having heard the Depute Assessor & Electoral Registration Officer in further explanation of the report and in answer to Members' questions, the Joint Board agreed to approve the revised Public Sector Equality Duty report, detailed within the appendix to the report and the Equality Outcomes contained therein.

## **PROPERTY REPORT**

A report was submitted by the Assessor & Electoral Registration Officer to the Valuation Joint Board:-

- (a) advising on matters regarding the Boards ancillary office and file storage facility at Argyll & Bute Council's former office premises in Witchburn Road, Campbeltown; and
- (b) providing an update on progress in relation to a move to alternative accommodation.

Having heard the Assessor & Electoral Registration Officer in further explanation of the report, the Joint Board agreed:-

- (1) to note that relocation to the Old Quay Pier Building, Campbeltown had been completed;
- (2) to note the support provided by the officials of Argyll & Bute Council in effecting the move, and
- (3) to note the on-going efforts of the Assessor & Electoral Registration Officer to formalise the above occupation.

## **DRAFT ANNUAL REPORT AND FINAL ACCOUNTS FOR YEAR ENDING 31 MARCH 2017**

A report was submitted by the Treasurer to the Valuation Joint Board advising of the draft Annual Report and Final Accounts for the year ending 31 March 2017.

The Accountant advised that there had been errors within the appendix to the report, with the agreement of the Joint Board, 2 amended pages were circulated, and are attached within Appendix 1, hereto.

After discussion and having heard the Finance Manager and the Accountant in further explanation of the report and in answer to Members' questions, the Joint Board agreed:-

- (1) to note the amendments to the report;
- (2) to note the contents of the report and the financial position of the Joint Board as at 31 March 2017;
- (3) to note the Draft Management Commentary and Financial Statements for the year to 31 March 2017; and
- (4) to note that the audited accounts will be reported to a future meeting for approval.

## **DATE OF NEXT MEETING**

After discussion and having heard the Assessor & Electoral Registration Officer and the Finance Manager, the Joint Board agreed:-

- (1) that the Joint Board would meet 3 times per year, January/February, June and September, with the next meeting to be held in September 2017 in Garshake Road, Dumbarton; and
- (2) that authority be delegated to the Assessor & Electoral Registration Officer to identify a suitable date for the next meeting of the Joint Board.

The meeting closed at 12.10 p.m.

DRAFT

**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	
	2016/2017	2015/2016
50,000 - 54,999	2	3
70,000 - 74,999	0	1
75,000 - 79,999	1	0
85,000 - 89,999	1	0
90,000 - 94,999	0	1
95,000 - 99,999	1	0
<b>Total</b>	<b>5</b>	<b>5</b>

**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 31 March 2017 £	For year to 31 March 2016 £
David Thomson	17,108	18,108
Robert Nicol	13,686	14,486

	Accrued pension benefits – pension		Accrued pension benefits – lump sum	
	For year to 31 March 2017 £	For year to 31 March 2016 £	For year to 31 March 2017 £	For year to 31 March 2016 £
David Thomson	41,285	38,944	83,656	82,827
Robert Nicol	25,444	23,646	44,184	43,746

## **NOTES TO THE ANNUAL ACCOUNTS**

### **Note 1 - Accounting Policies**

#### **1. General Principles**

The Annual Accounts summarise the Board's transactions for the 2016/17 financial year and its position at the year end of 31 March 2017. The Board is required to prepare Annual Accounts 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 2016/17 ("the Code") and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Annual Accounts 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**

Report by Assessor & Electoral Registration Officer

Valuation Joint Board – 27 September 2017

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**Subject: Electoral Registration**

**1.0 Purpose**

- 1.1 To provide the members of the Joint Board with an update of the current position in relation to Electoral Registration.

**2.0 Background**

The report provided to the Joint Board at the last meeting on 23<sup>rd</sup> June 2017 referred to the monthly register updates, the March 2017 follow-up of Invitations to Register (ITRs), IER Funding 2017/18 - Cabinet Office (CO) funding for offsetting the additional costs of IER, Fresh signatures for absent voters, the Council Elections 4<sup>th</sup> May 2017, the UK Parliament Election (UKPGE) on 8<sup>th</sup> June, the preparation for the 2017 Canvass and the 2018 Review of UK Parliament Constituencies.

**3.0 Current Position**

**3.1 Register Updates/Rolling Registration**

In line with the normal rolling registration update timetable and in compliance with the pre-election publication requirements, the published Register (1<sup>st</sup> December 2016) was updated on 4<sup>th</sup> January, 1<sup>st</sup> February, 1<sup>st</sup> March, 29<sup>th</sup> March, 7<sup>th</sup> April, 26<sup>th</sup> April, 11<sup>th</sup> May, 16<sup>th</sup> May, 1<sup>st</sup> June, 3<sup>rd</sup> July, 1<sup>st</sup> August and 1<sup>st</sup> September resulting in a total of 14,827 additions and 13,021 deletions.

During the elections update period (29<sup>th</sup> March to 1<sup>st</sup> June) there were 9,161 elector additions and 5,417 elector deletions.

Since the revised Register was published on 1st December 2016, we have issued 18,877 individual voter registration forms (known as ITRs) as part of our duty to identify potential new electors by using other information sources. 11,077 forms were issued from December 2016 to June 2017. 7,800 forms have been issued since the household canvass started on 3<sup>rd</sup> July 2017, a proportion of which arose from information contained in HEFs (see below).

Where the ERO believes that a person is not entitled to be registered he must carry out a 'Review' by writing to the elector advising the reason for his opinion and also advise them that they have 14 calendar days from the date of the notice to request a hearing, otherwise their name will be removed from

the register. At time of writing, 6,148 Reviews have been carried out since publication in December.

### 3.2 The 2017 Canvass

Household Enquiry Forms (HEFs) were issued to all households on 3<sup>rd</sup> July and reminder HEFs were issued on 28<sup>th</sup> July. A door-to-door canvass for non-responders started on 11<sup>th</sup> September. Canvassers will carry a Final Reminder HEF and will offer help to complete the form. The number of forms issued is noted below.

Number of HEFs issued	139,296	3 <sup>rd</sup> July
Number of Reminders issued	68,171	28 <sup>th</sup> July
Number of Final Reminders (door-knocks)	43,958	11 <sup>th</sup> September

Our 1<sup>st</sup> Reminder forms were up 3,180 on the 2016 canvass and this increased spending on printing, stationery and postage. The Final Reminders also increased by 1,575 on last year, though no additional outward postage cost will be incurred for these forms as they are carried by our canvassers.

The HEF return rate as at 12<sup>th</sup> September was 70.98%:

Argyll and Bute Council	76.04%
East Dunbartonshire Council	74.38%
West Dunbartonshire Council	62.02%

### 3.3 Telephone, Internet and SMS

The number of households using our telephone, internet and short message service to respond to the HEF (as at 12<sup>th</sup> September), is shown in the table below.

Total No. <b>Households</b>	No. Returned By <b>Phone</b>	No. Returned By <b>Text (SMS)</b>	No. Returned By <b>Internet</b>
139,296	13,715	8,031	19,446

The return using this service (41,192) is currently more than the final return for the 2016 Canvass (40,482).

### 3.3 IER Funding 2017/18 - Cabinet Office (CO) funding for offsetting the additional costs of IER)

The CO has confirmed grant funding of £70,321 for 2017/18 to help cover the additional costs associated with IER. An Invoice was sent to the CO on 28<sup>th</sup> August and we expect to receive payment shortly. This money is an initial allocation and later in the financial year the CO will run a Justification Led Bid (JLB) process which will be an opportunity to claim any additional IER-related costs, over and above the grant award, we incur this year.

#### **4.0 Boundary Commission for Scotland (BCS)**

The 2018 Review of UK Parliament Constituencies remains on course for reporting in September. BCS plans to issue its revised proposals for constituencies in Scotland for an 8 week consultation period in the autumn.

#### **5.0 Local Government Boundary Commission for Scotland (LGBCS)**

Responsibility for Scottish Parliament boundary reviews transferred to LGBCS on 18<sup>th</sup> May 2017. The next review must report between May 2018 and May 2022 and the Commission is currently considering its approach.

The Islands (Scotland) Bill was introduced to the Scottish Parliament on Monday 12<sup>th</sup> June 2017. This Bill would allow LGBCS to propose one or two member wards where those wards are wholly or mainly made up of inhabited islands; and requires LGBCS to review the three island councils as well as Highland, **Argyll and Bute** and North Ayrshire councils “as soon as practicable” after commencement of the legislation. The Commission is expected to give evidence to the Scottish Parliament Rural Economy and Connectivity Committee in September.

#### **6.0 Scotland Act 2016**

The election provisions in the Scotland Act 2016 were commenced and came into force on 18<sup>th</sup> May 2017. The commencement of these provisions means that the Scottish Parliament now has the power to legislate on electoral registration issues in relation to Scottish Parliament and local government elections and referendums held under legislation which has been approved by the Scottish Parliament.

#### **7.0 Recommendation**

Members are asked to:-

- (a) Note the content of this report, and
- (b) Note the grant funding position at 3.3 above

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#### Person to contact:

June Nelson-Hamilton (Principal Administration Officer)

Tel: 0141 562 1262

E-Mail: [june.nelson@wdc.gcsx.gov.uk](mailto:june.nelson@wdc.gcsx.gov.uk)



**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD**

Report by Assessor & Electoral Registration Officer

Valuation Joint Board – 27 September 2017

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**Subject: Non-Domestic Rating and Council Tax Valuation Progress**

**1.0 Purpose**

- 1.1 To advise members of the Joint Board of progress in relation to the Assessor's Non-Domestic Rating (NDR) Valuation function.
- 1.2 To update the Joint Board on the Report of the 'Barclay Review' of NDR.
- 1.3 To advise members of the Joint Board of progress in relation to the Assessor's Council Tax Valuation function.

**2.0 Background**

- 2.1 The Assessor is required to carry out a general Revaluation of all Non-Domestic properties normally every five years. A general Non-Domestic Revaluation took effect from 1st April 2017, based on a valuation date of 1st April 2015.
- 2.2 Part 6 of the Land Reform (Scotland) Act 2016 removed the exemption from the Valuation Roll for Shooting Rights that had existed for some years. Consequently, Shooting Rights and Deer Forests are to be entered into Valuation Rolls.
- 2.3 Appeals against entries in the 2005 and 2010 Valuation Rolls remain outstanding and require to be disposed of.
- 2.4 The Assessor is required to maintain the Valuation Roll for his area by amending it to reflect a number of circumstances including physical changes to properties. Any such change to the Valuation Roll may be appealed by relevant parties.
- 2.5 In March 2016 the First Minister announced a review of the Non-Domestic Rating system. Established under the chairmanship of Mr Ken Barclay, the review was to consider how 'business' rates might better support business growth, respond to wider economic conditions and changing marketplaces and support long-term growth and investment.
- 2.6 The Assessor is required to maintain the Council Tax Valuation List for his area by amending it to reflect new, altered and demolished properties. Additionally he must dispose of any proposals which are made against any entry in the Council Tax Lists.

### **3.0 Current Position**

#### **3.1 Non-Domestic Rating Valuation**

##### **3.1.1 2017 Revaluation**

As reported the Joint Board in June, the 2017 Revaluation came into effect on 1st April 2017 based on a valuation date of 1st April 2015. The Revaluation resulted in 13,758 entries being made in the Valuation Rolls for the Joint Board area with a combined Rateable value (RV) of £364,654,734.

All proprietors, tenants and occupiers of properties in the Valuation Roll have a right to appeal their new Rateable Values before 30<sup>th</sup> September 2017.

At time of writing 1,827 appeals have been received and acknowledged, though experience tells us that a significant number of appeals will be received in the days immediately before the statutory deadline.

##### **3.1.2 Shooting Rights**

Since the report to the Board in June, there has been significant progress made in the ingathering and analysis of relevant information. A scheme of valuation has been agreed nationally and ~820 new shooting rights entries will be made in the Valuation Rolls for the DAB VJB area in the week beginning 25 September.

##### **3.1.3 Appeals (2005 and 2010 Revaluation Cycles)**

There has been little progress in disposing of appeals which have been referred to the Lands Tribunal, though the Tribunal has called relevant parties to a planning meeting in October. It is hoped that this will act as a catalyst for ratepayers' agents to show a greater willingness to settle appeals.

In the period to the end of August, 18 appeals relating to the 2010 cycle have been received since the start of the 2017/18 financial year and 80 have been disposed of.

##### **3.1.4 Maintenance of the Valuation Roll**

In the period from April to August, 521 changes were made to the Valuation Roll to reflect new, deleted and amended properties.

##### **3.1.5 The Barclay Review of Non-domestic Rates**

The Review published its report on 22nd August and a copy has previously been circulated to Board Members for information. The Review Group noted that:-

- (a) “Assessors are well qualified for what they do and they generally carry out their functions diligently and to a high professional standard” (at paragraph 4.59), and
- (b) “The current structure of the Assessors provides a good model of efficiency and has a key strength in its local knowledge so we propose no major structural change. It is also as strength of the system that Assessors are independent of Government and value property... without political interference” (at paragraph 4.61).

The Report did, however, note a number of areas where Assessors across Scotland should act to provide more transparency and consistency of approach (see paragraphs 4.44 and 4.63). It also recommended a range of changes to the rating system, including three-yearly Revaluations from 2022, which will have significant impacts on Assessors’ resources, where they are in fact implemented by Government.

The Scottish Assessors Association has welcomed both the Barclay report and the Ministers response, announced in Parliament on 12 September, and has committed to working with stakeholders to implement such recommendations as are taken forward by Government.

### **3.2 Council Tax Valuation**

#### **3.2.1 Maintenance of the Council Tax Valuation Lists**

In the period between April and August, 364 new dwellings were added to the Council Tax List and 232 were deleted.

#### **3.2.2 Council Tax Proposals and Appeals**

In the same period 134 proposals to change property Bands were received and 178 were disposed of, leaving 109 outstanding.

### **4.0 Recommendations**

#### **4.1 Members are asked to note:-**

- (a) That the deadline for receipt of appeals to be submitted in respect of the 2017 Revaluation is 30 September 2017.
- (b) The re-introduction of Shooting Rights into the Valuation Roll.
- (c) Progress in receipt and disposal of appeals relating to the 2010 revaluation cycle.
- (d) Progress in relation to maintenance of the Valuation Roll and the Council Tax Valuation Lists,
- (e) Progress in relation to the disposal of Council Tax appeals, and

(f) The recommendations of the Barclay Review.

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Person to contact:

David Thomson (Assessor and ERO)

Tel: 0141 562 1260

E-mail: [david.thomson@dab-vjb.gov.uk](mailto:david.thomson@dab-vjb.gov.uk)



**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD**

Report by Assessor & Electoral Registration Officer

Valuation Joint Board – 27 September 2017

---

**Subject: Renewal of the Board's Insurance Contracts**

**1. Purpose**

- 1.1 To update Members on the renewal of the Board's Insurance arrangements.

**2. Background**

- 2.1 At its meeting on 24 February 2017 it was reported that the Joint Board's insurance policies required to be renewed on 1 August 2017.
- 2.2 The Board also noted that, following discussion with West Dunbartonshire Council's Insurance and Procurement teams and advice provided by the Council's insurance advisors, it had been established that the contract for insurance which requires to be procured should be for a period of up to 5 years. This meant that the cost of the contract over a 5 year period was likely to exceed the £50,000 threshold which requires both a full tender procedure and prior Board approval.
- 2.3 At that same meeting the Board delegated authority to the Assessor & Electoral Registration Officer to re-tender and award the main insurance contracts, with a new contract to come into effect from 1 August 2017 for an initial contract period of 3 years with an option to extend for up to a further two year period or a further two 12 month periods.
- 2.4 The report to the February Joint Board meeting also noted that variations in cover and excess levels may be obtained in order to maximise value for money whilst recognising the levels of risk associated with the Valuation Joint Board's insurance requirements.

**3. Progress**

- 3.1 Following discussions with the Insurance and Procurement Teams in West Dunbartonshire Council, and having sought advice from their Insurance Broker/Adviser, some variations in relation to the Valuation Joint Board's insurance programme were made. In particular the Indemnity Limits for Employer's and Public/Products Liability were reduced from £25m and £20m to £10m and £5m respectively. Additional cover was included in respect of Directors & Officers Liability and Crime (Fidelity Guarantee) Insurance. The Market Specification was developed taking into account these variations.
- 3.2 A procurement exercise was subsequently undertaken with the Valuation Joint Board's insurances being tendered alongside West Dunbartonshire

Council's, but as a separate stand-alone lot containing a mandatory requirement that bids be submitted on this (stand-alone) basis.

- 3.3** Following the tender evaluation process, the bids received were deemed to be non-compliant. This was on the basis that the tender submissions were conditional in respect of some aspects of the cover, particularly with regard to the some risks only being underwritten in conjunction with West Dunbartonshire Council's main Insurance Programme.
- 3.4** It was therefore agreed that, as an alternative, the incumbent supplier, Zurich Insurance, be approached with a view to obtaining a quotation on the basis of the Market Specification for both a 12 month period and also 3 years.
- 3.5** Zurich Insurance provided quotations, for these two time periods, based on the Market Specification. If the Valuation Joint Board committed to a 3 year Long Term Agreement (LTA), a discount of 5% would be offered in the 1st, 2nd and 3rd year of the LTA. Having consulted with the Insurance and Procurement Teams at WDC and their Insurance Broker/Adviser, the quotation for the 3-year period was considered appropriate for acceptance. The contracts have therefore been placed with Zurich Insurance with effect from 1 August 2017 on the terms offered for the commitment of a 3 year LTA. The total premium payable, including Insurance Premium Tax, in year 1 amounted to £12,778.99. These arrangements have been made with a view to securing cover that represents and maintains best value for the Valuation Joint Board.

#### **4. Financial Implications**

In light of the extended cover, the premium payable under the revised contract is higher than the £11,500 included in 2017/18 budget estimates but it is deemed that the increase is acceptable and will not significantly affect the net 2017/18 outturn.

#### **5. Recommendations**

**5.1** It is recommended that the Board:

- (a) Notes that the full tender exercise was unsuccessful in that the bids received were non-compliant with the tender specification, and
- (b) Notes that, as a result, a revised contract has been placed with Zurich Municipal, who have been the Joint Board's insurers for a number of years.

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Person to contact:

David Thomson (Assessor and ERO)

Tel: 0141 562 1260

E-mail: [david.thomson@dab-vjb.gov.uk](mailto:david.thomson@dab-vjb.gov.uk)

## DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD

Report by Assessor & Electoral Registration Officer

Valuation Joint Board – 27 September 2017

---

**Subject: Property Report**

### **1.0 Purpose of Report**

- 1.1 To seek approval of a Licence with Argyll & Bute Council for the Joint Board's occupation of the Old Quay Pier Building, Campbeltown.

### **2.0 Background**

- 2.1 It was reported at the Valuation Joint Board meeting in June 2017 that progress had been made towards securing occupation of parts of the Old Quay Pier Building, Campbeltown to replace the soon to be demolished ancillary storage and office accommodation previously occupied by the Joint Board at Witchburn Road, Campbeltown.
- 2.2 At its meeting in February 2017 the Valuation Joint Board delegated the authority to approve a formal occupation agreement for the property at the Old Quay Pier Building to the Joint Board's property Sub-Committee.

### **3.0 Progress**

- 3.1 Physical occupation of the relevant rooms (rooms 1, 2, 3 and 4, along with access to a shared toilet) at the Old Quay Pier Building took effect from 14 June 2017.
- 3.2 With advice from West Dunbartonshire Council's Legal Services, the Assessor & ERO has been engaged in exchanges with officers of Argyll & Bute Council to agree a formal licence covering occupation of the property.
- 3.3 Recently, licence terms have been provisionally agreed between the Assessor and officers of Argyll & Bute Council and the provisional Licence is attached hereto. The general terms of the agreement are:-
- (a) No licence fee will be payable for the occupation;
  - (b) The Licence will endure on a month to month basis (subject to 3 month notice of termination);

- (c) Argyll & Bute Council will be responsible for carrying out all external repairs and paying all insurances;
- (d) The Joint Board will be responsible for internal repairs to the relevant rooms; and
- (e) The Joint Board will also be responsible for a proportionate share of costs for external repairs, cleaning and security of the property.

3.4 Given the recent timing of the officers' provisional agreement, and to avoid calling a separate meeting of the Property Sub-Committee, the provisional Licence is presented to Members for their consideration today.

#### **4.0 Recommendations**

4.1 Members are asked to:-

- (a) approve the Licence with Argyll & Bute Council for the Joint Board's occupation of Old Quay Pier Building, Campbeltown, and
- (b) Delegate the signing of the agreement on behalf of the Joint Board to the Assessor & ERO.

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#### Person to contact:

David Thomson (Assessor and ERO)

Tel: 0141 562 1260

E-mail: [david.thomson@dab-vjb.gov.uk](mailto:david.thomson@dab-vjb.gov.uk)

#### Appendices

- |            |   |
|------------|---|
| Appendix 1 | Provisional Licence agreement for the Old Quay Pier Building, Campbeltown |
| Appendix 2 | Licence Plan of Old Quay Pier Building, Campbeltown                       |

Our ref  
Your ref

[Date]

THE DUNBARTONSHIRE AND ARGYLL AND  
BUTE VALUATION JOINT BOARD  
Chief Office  
235 Dumbarton Road,  
Clydebank  
G81 4XJ

Dear Sirs

**Licence to Occupy – Rooms – 1,2,3,4 - Old Quay Buildings The Pier Campbeltown PA28 6EF**

On behalf of and as instructed by the Licensors we offer to allow the Licensees to occupy and use the Property on the following conditions:

1. **Definitions and interpretation**

1.1 In the Licence:

"**Date of Entry**" means Date of Execution;

"**Date of Execution**" means the last date of signing of this Licence;

"**Date of Termination**" means the date upon which the Licence terminates;

"**Licence**" means the licence to occupy the rooms in the Property constituted by this offer and all duly executed letters following on from it;

"**Licensees**" means THE DUNBARTONSHIRE AND ARGYLL AND BUTE VALUATION JOINT BOARD established in accordance with the provision of the Valuation Joint Boards (Scotland) Order 1995 in consequence of Section 27 of the Local Government etc. (Scotland) Act 1994 and having its Chief Offices at 235 Dumbarton Road, Clydebank

"**Licensors**" means Argyll and Bute Council as Local Authority incorporated under the Local Government etc. (Scotland) Act 1994 and having their Head Office at Kilmory, Lochgilphead, PA31 8RT;

"**Parties**" means the Licensors and the Licensees;

"**Permitted Use**" means the occupation for purposes of storage or office accommodation of Room 1, Room 2, Room 3 and Room 4 at Old Quay Buildings, The Pier, Campbeltown, PA28 6AE including access to the shared toilet as outlined in the attached Plan;

"**Plan**" means the demonstrative plan annexed to this offer;

"**Premises**" means Old Quay Buildings The Pier Campbeltown PA28 6EF

**"Property"** means Room 1, Room 2, Room 3 and Room 4 including the use of the shared toilet at Old Quay Buildings, The Pier, Campbeltown, PA28 6AE shown as shaded on the Plan:

**"Working Day"** means any day on which clearing banks in Edinburgh, Glasgow and London are open for normal business.

1.2 In the Licence, unless otherwise specified or the context otherwise requires:

1.2.1 any reference to one gender includes all other genders;

1.2.2 words in the singular only include the plural and *vice versa*;

1.2.3 any reference to the whole is to be treated as including reference to any part of the whole;

1.2.4 any reference to a person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality) and words importing individuals include corporations and *vice versa*;

1.2.5 any reference to a statute or statutory provision includes any subordinate legislation which is in force from time to time under that statute or statutory provision;

1.2.6 any reference to any statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time taking account of any amendment or re-enactment;

1.2.7 any phrase introduced by the words "including", "include", "in particular" or any similar expression is to be construed as illustrative only and is not to be construed as limiting the generality of any preceding words;

1.2.8 a document will be duly executed only if it is executed in such manner as meets the requirements of Section 3 of the Requirements of Writing (Scotland) Act 1995; and

1.2.9 where at any one time there are two or more persons included in the expression "Licensees" obligations contained in the Licence which are expressed to be made by the Licensees are binding jointly and severally on them and their respective executors and representatives whomsoever without the necessity of discussing them in their order.

1.3 The headings in the Licence are included for convenience only and are to be ignored in construing the Licence.

## 2. **Licence**

2.1 Subject to due compliance by the Licensees with their obligations under the Licence, the Licensors will permit the Licensees to occupy and use the Property for the Permitted Use with all necessary non-exclusive rights of access to and egress from the Property from/to the public highway subject to all title conditions and rights of whatever nature affecting it.

2.2 The Licensees will occupy the Property as mere licensee only and acknowledge that possession of the Property is retained by the Licensors subject to the rights created by the Licence.

2.3 The Parties agree that the Licence is not a lease and does not confer any tenancy rights on the Licensees.

## 3. **Duration**

3.1 The Licence will commence on the Date of Execution and will continue from month to month after that until terminated by either Party on delivering to the other Party not less than three month's

written notice to the effect that they are terminating the Licence at the expiry of the period specified in the notice.

3.2 At the Date of Termination, the Licensees will:

3.2.1 remove from the Property with their whole equipment and other items, without the need for any notice from the Licensors, and

3.2.2 leave the Property in a condition consistent with full compliance with their obligations under the Licence.

4. **Payments**

4.1 No Licence fee is payable by the Licensees to the Licensors for the grant of the Licence or their occupation of Room 1, 2, 3 and 4 of the Property;

4.2 The Licensees will also pay for the duration of the Licence:

4.2.1 all rates, taxes, duties, levies, charges, assessments, impositions and outgoings whatsoever imposed on or payable in respect of the Property or on the owner or the occupier of the Property;

4.2.2 all buildings insurance premiums payable under the insurances effected by the Licensors in relation to the Property;

4.2.3 all electricity payments payable in respect of Electricity Meter Numbers D01C23621 and D01C23616;

4.2.4 a thirty (30%) percent proportion (as certified by the Licensors or the Licensors' surveyor, whose certificate will be conclusive and binding on the Licensees except in the case of manifest error) of the following costs in relation to the Premises of which the Property forms part:

(a) all reasonable expenditure incurred by the Licensors in relation to services provided to the Property including the general management, maintenance, internal repair, renewal, cleaning, decorating and security of the Premises, and the said shared toilet, and any utilities excluding electricity and water. .

4.2.5 all reasonable costs incurred by the Licensors in procuring the remedy of any breach of any obligation of the Licensees under the Licence.

5. **Use**

5.1 The Licensees will use the Property for the Permitted Use and for no other purpose.

5.2 The Licensors give no warranty that:

5.2.1 the Property is suitable for the Permitted Use; or

5.2.2 the Permitted Use is or will remain the permitted use of the Property within the provisions of the planning or other relevant legislation from time to time.

5.3 The Licensees will not do or permit to be done upon or in connection with the Property anything which would be a legal nuisance or cause of damage to the Licensors or the other occupiers of any neighbouring premises or both.

5.4 The Licensees will comply with:

5.4.1 all statutes, bye-laws and other regulations affecting the Property or the Licensees' use of the Property;

5.4.2 NOT USED; and

5.4.3 all reasonable regulations which may be issued from time to time by the Licensors or their agents in relation to the Property, including in respect of health and safety, risk management and security.

## **6. Indemnity and insurance**

6.1 The Licensees will indemnify and keep indemnified the Licensors on demand from all liability in respect of:

6.1.1 any injury to or death of any person;

6.1.2 damage or loss which may be suffered by any persons by reason of or arising out of the use of the Property by the Licensees;

6.1.3 any breach by the Licensees of their obligations under the Licence; and

6.1.4 local authority rates and other costs associated with the occupancy of the Property.

6.2 The Licensees will take out insurance cover:

6.2.1 such as is necessary to give full indemnification to the Licensors in respect of the matters referred to at Clause 6.1; and

6.2.2 against public liability to the extent of 5 million for each and every claim

and, in both cases, will produce written evidence of such insurance to the Licensors on demand.

6.3 The Licensees will not do anything which vitiates or makes void or voidable any insurance policy for the Property effected by the Licensors, or causes monies otherwise payable under such policy to be irrecoverable or refused or withheld, or an increased premium or loading to be payable in respect of such policy.

6.4 Should the use or non-use of the Property cause any increase in the cost of insuring any adjacent premises of the Licensors the Licensees will on demand from time to time pay to the Licensors the amount of any such increase.

6.5 The Licensors shall maintain the relevant Buildings insurance for the Property. For the avoidance of doubt the Licensees will 1: not be required to maintain Buildings insurance with respect to the property and 2: will be required to maintain Contents and Movables insurance with respect to the Property.

## **7. Alienation**

7.1 The Licence is personal to the Licensees and the Licensees will not (either wholly or partially) assign, sub-let, part with or share occupation or otherwise deal in any way with their interest in the Licence.

7.2 The Licensors will be entitled to assign their interest under the Licence.

## **8. Condition**

8.1 The Licensees accept the Property in its present condition as being fit in all respects for the Permitted Use.

8.2 The Licensees will:

8.2.1 at their own cost, repair and maintain the Property in good repair and condition so that it is at all times in at least such condition and, when necessary, but only in so far as



required to maintain the Property in such condition, renew and rebuild the Property (other than damage caused by risks against which the Licensors have effected insurance except to the extent their insurance has been invalidated by the Licensees or those for whom they are responsible); and

8.2.2 leave the Property in such condition at the Date of Termination;

all to the satisfaction of the Licensors (acting reasonably).

8.3 If the Licensees fail to carry out any works to the Property for which they are responsible in terms of the Licence after a written demand has been made by the Licensors, the Licensors may carry out such works (without prejudice to their other rights including their rights to terminate the Licence) and the Licensees will pay to the Licensors on demand the whole proper costs incurred by the Licensors in so doing, together with Interest.

8.4 The Licensors will have no liability to repair, maintain, renew or replace the Property.

8.5 The Licensors will be responsible for maintaining the Property in wind and watertight condition and for maintaining the Premises in good substantial condition and repair and fit for purpose for the duration of the Licence;

## 9. **Alterations**

9.1 The Licensees will not carry out any alterations or additions to the Property without the prior written approval of the Licensors.

9.2 To the extent requested by the Licensors, the Licensees will remove any alterations and additions carried out by them and reinstate the Property at the Date of Termination to the condition they were in before such alterations and/or additions were made.

## 10. **Access**

When taking access to the Property, the Licensors will, and will procure that any other parties exercising such rights of access will:

10.1 cause minimum interference reasonably practicable with the Licensees' use of the Property and

10.2 make good to the Licensees' satisfaction (acting reasonably) any damage caused to the Property and the Licensees' fixtures and fittings.

## 11. **Registration**

The Licensors will:

11.1 register the Licence in the Books of Council and Session for registration for preservation and execution;

11.2 order two extracts; and

11.3 deliver one of the extracts to the Licensees (or their solicitors on their behalf) as soon as reasonably practicable following receipt of the extracts.

## 12. **Early termination**

If:

12.1 the Licensees fail to implement any of their other obligations under the Licence, or

12.2 the Licensees:

12.2.1 go into liquidation, receivership or administration;

12.2.2 sign a trust deed for creditors, are sequestrated or enter into a voluntary arrangement;

12.2.3 become insolvent or apparently insolvent; or

12.2.4 are wound up or dissolved

then, in each case, the Licensors may, at their option, at any time by notice in writing to the Licensees terminate the Licence with effect from the date specified in the notice but reserving to the Licensors their right of action in respect of any antecedent breach of the Licensees' obligations.

### 13. Notices

13.1 Any notice, demand, request or certificate required under the Licence must be in writing and may be delivered personally, or sent by post to the relevant Party using the relevant details specified in Clause 13.3.

13.2 Any notice, demand, request or certificate will be deemed to be received:

13.2.1 if delivered personally, (with proof of delivery) at the time of delivery; and

13.2.2 if sent by recorded delivery post, 48 hours after the date of posting;

Provided that if, in the case of personal delivery such delivery occurs outwith normal business hours on a Working Day or on a day which is not a Working Day, delivery will be deemed to occur on the next Working Day.

13.3 The details referred to in Clause 13.1 are:

Dumbarton and Argyll and Bute Valuation Joint Board Address:

,235 Dumbarton Road,Clydebank,G81 4XJ

For the attention of: David Thomson

Argyll and Bute Council

Address: Kilmory, Lochgilphead, PA31 8RT

For the attention of: Legal Services Manager -Commercial

or such other address, or person as may be notified in writing from time to time by the relevant Party to the other Party for the purposes of this Clause.

### 14. No Liability

The Licensors are not liable to the Licensees for any loss, injury or damage which the Licensees may sustain from a deficiency in any part of the Property or the death of or injury to any person or for damage to any property or for any losses, claims, demands, actions, proceedings, damages, costs or expenses or other liability incurred by the Licensees in the exercise or purported exercise of the rights conferred on the Licensees under the Licence.

### 15. Formal Documentation

15.1 Neither the Licensees nor the Licensors will be bound by any acceptance of this offer or any other letter purporting to form part of the Licence or any amendment or variation of the Licence unless it is duly executed.

15.2 The Licence represents the entire agreement between the Parties relating to the licence of the Property and supersedes any previous agreements between the Parties relating to it. Neither of the Parties has been induced to enter into the Licence on account of any prior warranties or representations made which are not embodied in the Licence and no representation, warranty or undertaking of any description in respect of the Property, whether in relation to title, state of repair, compliance with statutes or other matters, the existence of local authority or other proposals or orders, or otherwise, is given in the Licence except insofar (if at all) as expressly stated in the Licence.

16. **Costs**

16.1 Each of the Parties will bear their own costs and expenses

16.2 The Licensees will pay within five Working Days after written demand the costs of registering the Licence in the Books of Council and Session and obtaining the extracts.

17. **Proper Law and Prorogation**

The Licence and the rights and obligations of the Licensors and the Licensees are governed by and are to be construed in accordance with the law of Scotland and the Licensors and the Licensees are deemed to have agreed to submit to the non-exclusive jurisdiction of the Scottish courts.

18. **Consent to Registration**

The Parties consent to registration of the Licence for preservation and execution.

Yours faithfully

This formal Offer consisting of this and the preceding six pages, together with the Plan annexed and signed as relative hereto, is subscribed by [ ] at Kilmory, Lochgilphead, on [ ] 2017 before the following witness hereto subscribing:- [ ], Kilmory, Lochgilphead

ACCEPTANCE

We, THE DUNBARTONSHIRE AND ARGYLL AND BUTE VALUATION JOINT BOARD hereby accept the terms and conditions of the foregoing Offer of Licence by Argyll and Bute Council dated [ ] 2017.

Signed: .....

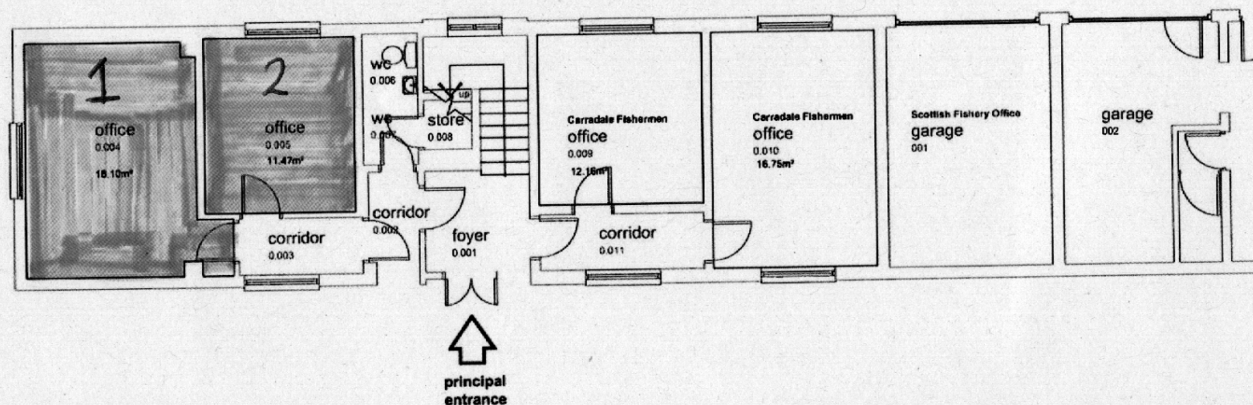
Dated: .....

In the presence of .....

residing at .....

Signed: .....

DRAFT

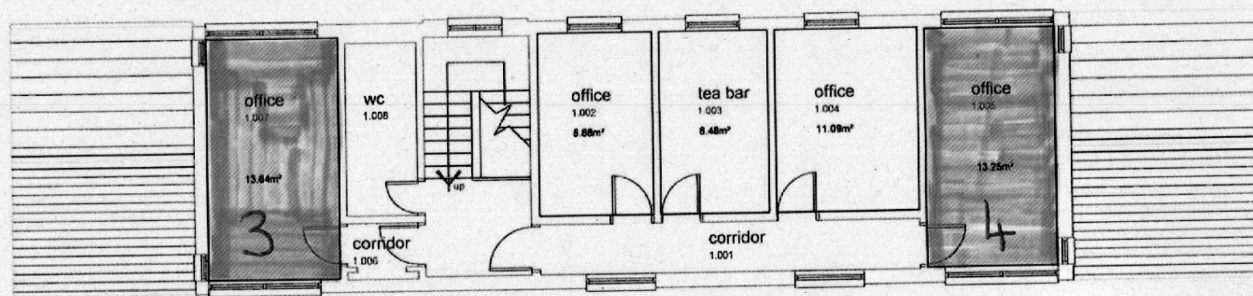


ground floor plan

1 : 100

OLD QUAY PIER BUILDING

AREAS TO BE OCCUPIED  
BY DABYJB.



first floor plan

1 : 100



**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD**

Report by Assessor & Electoral Registration Officer

Valuation Joint Board – 27 September 2017

---

**Subject: Registers of Gifts & Hospitality and Conflicts of Interest**

**1.0 Purpose**

- 1.1 To seek Joint Board Members' approval of revised Guidance on the Acceptance of Gifts and Hospitality and Recording Conflicts of Interest, including associated Declaration Forms and Registers.

**2.0 Background**

- 2.1 The Joint Board has an approved Code of Conduct for employees which covers the Registration of Gifts, Hospitality and Services and includes a requirement to register these in relevant circumstances. The procedures also cover the Conflicts of Interest.
- 2.2 The Valuation Joint Board generally aligns its Human Resources Policies and Financial Procedures with West Dunbartonshire Council (WDC).
- 2.3 The Valuation Joint Board obtains its 'internal' audit service from West Dunbartonshire Council and its operations are generally included in audits of WDC's processes and procedures.
- 2.4 In March 2017 West Dunbartonshire Council introduced new Guidance and procedures for the declaration and registering of Gifts and Hospitality and Conflicts of Interests.
- 2.5 In July 2017 the Internal Audit team at WDC recommended that:-
- (a) The updated WDC Guidance on Gifts, Hospitality and Conflicts of Interest should be adapted for use by officers of the VJB;
  - (b) The updated WDC Form for making relevant declarations should be adapted and used for all declarations made by officers of the VJB;
  - (c) A Register should be maintained for recording all declarations; and
  - (d) Officers should be reminded/made aware that offers of Gifts and/or Hospitality should also be declared and registered, even if they are not accepted.

### **3.0 Current Position**

- 3.1 The Management Team of the Valuation Joint Board has, in liaison with Internal Audit, adapted the Guidance Notes for application within the VJB and a copy is attached (Appendix 1) for Members' consideration.
- 3.2 The Management Team has also adapted the WDC Declaration Form creating one for Gifts and Hospitality and one for Conflicts of Interest. These are also attached for Members' consideration, at Appendices 2 and 3.
- 3.3 Likewise, Registers have been established to record declarations of (offers of) Gifts and Hospitality (Appendix 4) and (potential) Conflicts of Interest (Appendix 5).
- 3.4 The new procedures have been rolled out to staff and the requirement to declare offers of gifts and/or Hospitality has been reiterated.

### **4.0 Recommendations**

- 4.1 Members are asked to approve the revised Guidance on the Acceptance of Gifts and Hospitality and Recording Conflicts of Interest, including associated Declaration Forms and Registers.

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#### Person to contact:

David Thomson (Assessor and ERO)

Tel: 0141 562 1260

E-mail: [david.thomson@dab-vjb.gov.uk](mailto:david.thomson@dab-vjb.gov.uk)

#### Appendices

- |            |   |
|------------|---|
| Appendix 1 | Guidance on Acceptance of Gifts and Hospitality and Declaring Conflicts of Interest |
| Appendix 2 | Register of Gifts and Hospitality Declaration Form                                  |
| Appendix 3 | Register of Interests Declaration Form  |
| Appendix 4 | Register of Gifts and Hospitality   |
| Appendix 5 | Register of Interests   |





*Dunbartonshire and Argyll & Bute  
Valuation Joint Board*

**GUIDANCE ON ACCEPTANCE OF GIFTS AND HOSPITALITY  
AND DECLARING CONFLICTS OF INTEREST**

**1. GENERAL**

- 1.1 The Joint Board's Code of Conduct for employees sets out the requirements of employees in respect of the acceptance of gifts and hospitality and the declaration of interests. This guidance is intended to provide assistance to you when considering offers of gifts and hospitality or whether to declare an interest as well as setting out, how the associated Registers are maintained by or on behalf of the Assessor & ERO.
- 1.2 As an officer of the Joint Board you may occasionally be placed in a position where you have to decide whether or not to accept gifts or hospitality from individuals, organisations or businesses that either are or wish to be associated with the Joint Board. It is impossible within guidance to cover every circumstance which may arise and you are personally responsible and accountable for decisions you take when offered gifts or hospitality. This guidance, which applies to all Joint Board employees, is designed to provide a basis for that decision making and also sets out the requirements to report and record offers of gifts and hospitality and (potential) conflicts of interest. However, if you are in any doubt about the appropriate action to take then you should seek guidance from your line manager.
- 1.3 It is imperative that the good reputation of Dunbartonshire and Argyll & Bute Valuation Joint Board and its standing in the community be protected at all times. This will always be the prime consideration in any decisions you make regarding the acceptance of gifts or hospitality. However, this code should not be enforced in a way that is over rigid or discounts individual circumstance.

**2. INTERPRETATION**

- 2.1 For the purpose of this guidance, Chief Officers are the Assessor & ERO and the Depute Assessor & ERO.

**3. GIFTS**

- 3.1 You should treat respectfully, but with caution, any offer of a gift or favour that is made to you, or to a member of your family, by a person or body who:-
  - (a) is, or may become, a ratepayer, council taxpayer or registered elector, or
  - (b) is, or may become, the representative of the above, or
  - (c) has, or may seek to have, commercial dealings with the Joint Board e.g. who do, or might, provide work, goods or services to the Joint Board.
- 3.2 The person or body may hope to gain preferential treatment in any dealings they have with the Joint Board. Even if this is not the intention, acceptance could lead others to believe this was a factor. The general rule should be to refuse or return, tactfully, offers of gifts from such persons or bodies. It is, however, recognised that some degree of discretion is appropriate in certain circumstances. Exceptions or additional consideration should be given to the following areas:

### **Promotional Goods**

An exception to the general presumption to refuse gifts relates to modest gifts of a promotional nature given to a wide range of people and not uniquely to you. These gifts are often given at Christmas time when commercial custom and practice may lead to gifts being sent to customers including Joint Board Officers. Such gifts can include a calendar, diary or other item of office stationery and, where the gift is clearly promotional and has only modest value, it may be accepted.

### **Small Gifts offered as tokens of appreciation**

Small gifts may be accepted where refusal would cause needless offence and the giver is not seeking a decision or business from the Joint Board but merely wishes to express thanks for advice, help or co-operation received. This would apply, for example, to a small box of chocolates offered as a thank you for excellent service. Similarly where small tokens are given in lieu of payment for undertaking training, presenting at conferences and the like, then these may also be accepted.

- 3.3 With the exception of token gifts of minor value, all gifts, and offers of gifts, shall be recorded within the Register as described in section 5 below. If however, minor gifts are offered repeatedly from the same source they should be recorded and normally refused. If you are in any doubt about whether or not to accept a particular gift then advice should be sought from your line manager.

## **4. HOSPITALITY**

- 4.1 Hospitality can have many forms - lunch/dinner invitations, tickets to sporting, theatre or other events. As with Gifts, the general rule should be to refuse, tactfully, offers of hospitality from persons or bodies as described at 3.1, above. Hospitality should also be refused from organisations or individuals who are seeking, or at some stage in the near future may reasonably be expected to seek, a particular decision or action from the Joint Board. However, hospitality and entertaining are normal business activities in particular sectors and the acceptance of, for example, occasional lunches by a professional agent may be acceptable, as long as the employee is not placed under any obligation. Further, the creation of good external relations, both inside and outside the Joint Board's area, is an important responsibility of Senior Officers and extreme strictness could give unnecessary offence to people and organisations with whom the Joint Board's relationship should be both professional and cordial. The decision on whether or not to accept such offers and invitations is a matter of judgement depending on the individual circumstances but the following considerations should be made:

- Is there a genuine need to impart information or represent the Joint Board?
- Offers to attend purely social or sporting functions should not normally be accepted.
- Is it clearly evident that the work of the Joint Board will be facilitated by attending?
- Is there an opportunity to promote the Joint Board's image or standing by accepting the hospitality?
- Is the offer of hospitality proportionate to any benefit to the benefit to the Joint Board?
- Is the offer of hospitality made to a group or is it unique to you? It may be more reasonable to join in hospitality offered to a group than to accept something offered to oneself.

- Will the acceptance of the hospitality prejudice, in any way, the good standing and reputation of the Joint Board?
  - If a contractual relationship exists with the provider of hospitality is this likely to be compromised by the acceptance of hospitality?
  - Can the decision be easily justified to the Joint Board, press or the public?
  - Is the motivation behind the invitation or offer absolutely clear?
  - Could any decision of the Joint Board, either now or in the future, be prejudiced in any way by the acceptance or otherwise of the offer?
  - Is the person or body involved in competitive bidding for Joint Board work, services or support on which decisions will be taken in the immediate future?
- 4.2 It is unlikely that there will ever be a situation where offers of hospitality which involve a significant amount of paid travel or residential stays for leisure purposes would ever be acceptable.
- 4.3 Employees must never canvass or ask for hospitality, even in the belief that this may save the Joint Board money. There is too much scope for misinterpretation of intentions and uncertainty about impartiality.
- 4.4 All offers of hospitality should be reported to the relevant Chief Officer (see 2.1 above) and recorded timeously within the Register described in paragraphs 5.1-5.3.

## **5. REGISTER OF OFFERS OF GIFTS OR HOSPITALITY**

- 5.1 How the Joint Board deals with offers of gifts or hospitality can be open to public scrutiny. All employees must report the offer and/or acceptance of any gifts or hospitality to the relevant Chief Officer (2.1 above) using the form at Appendix 1. If you accept an offer you must detail your justification for the acceptance on the form.
- 5.2 The Joint Board will maintain a Register of Gifts & Hospitality within which the Assessor & ERO, or his/her nominated person, will record offers and acceptance of gifts or hospitality made.
- 5.3 The register maintained for the purpose of recording offers of gifts or hospitality may be made available to the public and to auditors.

## **6. CORRUPTION**

- 6.1 It is a serious criminal and disciplinary offence for any employee to corruptly receive any gift, loan, fee, reward or other advantage for doing, or not doing, anything in his/her official capacity.
- 6.2 If an allegation is made, it is for the employee to demonstrate that any such reward has not been corruptly obtained.
- 6.3 If any employee is concerned that an individual or organisation has made any offer of a gift or hospitality with a view to gaining preferential treatment in their dealings with the Joint Board the matter should be reported to the Depute/Assessor & ERO.

## **7. CONFLICT OF INTEREST**

- 7.1 It is likely that employees or their family and friends will have dealings with the Joint Board in a private capacity, for example as a council taxpayer or as a recipient of Joint Board services. Employees must never use their position to seek preferential treatment for or further the interests of themselves or their family and associates.
- 7.2 If any employee is involved in any work for the Joint Board in which close members of their family, friends or people living in the same household may have financial or other relevant interests these interests must be declared to the relevant line manager using the form at Appendix 2. Further Guidance on when conflicts, or potential conflicts, of interest should be recorded and reported is provided on the form at Appendix 2.
- 7.3 Mitigation action, which might include additional supervision or referring the caseload to an alternative member of staff, must be taken by the relevant line manager in each case and be described in the Register of Interests.
- 7.4 The Joint Board will maintain a Register of Interests within which the Assessor & ERO, or his/her nominated person, will record all reported instances.
- 7.5 s68 of the Local Government (Scotland) Act 1973 requires employees to give notice in writing to the Joint Board if they have any financial interest in a contract the Joint Board has or proposes to enter into. Similarly the Code of Conduct requires employees to give notice of any personal interest in any such contract. Such notice should be given to the Depute/Assessor & ERO and failure to do so is an offence.

## **8. GENERAL – BREACHES OF GUIDANCE**

- 8.1 Any breaches of these Guidance Notes may be dealt with in accordance with the Joint Board's Disciplinary Policy.

**August 2017**

Entry No

Register of Gifts and Hospitality			
Name of Employee			
Designation			
Name(s) of person(s) or organisation(s) making gift or offering hospitality			
Describe the gift or hospitality, or service offered  (Provide details of the gift, etc including relevant date(s))			
Estimated value of gift, hospitality or service *			
Have you accepted the gift, hospitality or service offered? *	Yes <input type="checkbox"/> No <input type="checkbox"/>	Have you attached a copy of the invitation, offer, etc?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Does the individual/organisation have (currently, in the past or (potentially) in the future) dealings with the Assessor, ERO or Valuation Joint Board—if so, specify*			
Decision on whether the offer of the Gift/Hospitality is to be accepted and, if accepted, <u>justification for the acceptance</u> *			
Any additional comments			
Signature of Employee			
Date			
Signature of Line manager to whom disclosure made			
Date of disclosure			

\* Only complete where appropriate

### Guidelines

1. No Joint Board member or employee should accept personal gifts, hospitality or services from anyone which would, or might appear to, place him or her under any obligation.
2. It is a matter for the individual to decide if it is appropriate to accept personal gifts, hospitality or services.
3. It is a matter for the recipient to determine the estimated value.
4. Frequent personal gifts, hospitality or services from the same source should not be accepted.
5. The Register will be held in a secure drive and be maintained by the Secretaries. Employees can see their own entries at any time.

Entry No

Register of Interests		
<b>Name of Officer</b>		
<b>Designation</b>		
<b>Address of Relevant Property</b>		
Name of individual, company, organisation, club etc with which there is a (potential) conflict of interests.		
<b>Description of (Potential) Conflict</b>  (continue over if required)		
<b>Date of disclosure</b>		
<b>Description of Mitigation Action Taken</b>		
<b>Authorised by</b>		
<b>Any additional comments</b>		
<b>Signature of Officer making declaration</b>		Date:
<b>Officer to whom disclosure made</b>	Name:	Designation:
	Signature:	Date:

### Guidelines

In accordance with section 8 of the Valuation Joint Board's Code of Conduct for Employees (Dec 2008), all conflicts or potential conflicts of interests should be declared and registered in the following circumstances:-

### Survey/Valuation

When a staff member is involved in the survey and/or valuation of any property:-

- (a) which is owned, let to, or occupied by the officer or a close relative or friend,
- (b) where he/she, or any close relative or friend, has any private interest, or
- (c) where he/she, or any close relative or friend is a member of a private club, organisation or voluntary group which owns or occupies that property.

Mitigation action, which might include additional supervision or referring the caseload to an alternative member of staff, must be taken by the relevant line manager in each case and be described in the Register of Interests.

The same obligations apply where a member of staff is dealing with any electoral registration query or matter beyond general processing of change information.

### **Contracts**

A declaration and an entry in the Register must also be made when a staff member, or a close relative or friend, has any personal, private or other interest in any contractual dealings relating to the Valuation Joint Board.

In such cases the individual declaring the interest should not be solely responsible for decisions affecting entries the Valuation Roll, Council Tax List or Electoral Register, or for determining successful tender bids or agreeing contract terms.

### **General**

Where any member of staff has any doubts about declaring an interest and making an entry in the Register, they should discuss the matter with their line manager, who should advise on the side of caution.

The Register of Interests will be held in a secure drive and be maintained by the Secretaries. Employees can see their own entries at any time.



## APPENDIX 4

Entry No	Date Received	Name of Recipient	Details of Gift	Value	Accepted? Y/N	Authorised by
sample	14/11/2016	<i>John Smith</i>	Invited to attend a Presentation and the hospitality event afterwards	unknown	Yes	David Thomson

## APPENDIX 5

Entry No	Date Received	Name of Relevant Employee	Address of Property (if relevant)	Individual, Organisation etc with which there is a (potential) conflict of interest	Description of (Potential) Conflict of Interest	Value/Band (if relevant)	Mitigation action taken	Authorised by
Sample	24.12.2016	M Mouse	High Street, Anytown	Disney Shop - Employee has relationship with ratepayer	Employee was drawn by ratepayer		survey passed to MGM character	D Thomson

## DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD

Report by Assessor & Electoral Registration Officer

Valuation Joint Board – 27 September 2017

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### **Subject: Code of Good Governance**

#### **1.0 Purpose**

- 1.1 To seek Joint Board Members' approval to develop a Local Code of Good Governance for the Joint Board.
- 1.2 To seek Joint Board members' approval to carry out a self-assessment of the Joint Board's compliance with best practice in Good Governance.

#### **2.0 Background**

- 2.1 The report 'Delivering Good Governance in Local Government: Framework', published by CIPFA in association with Solace in 2007, set the standard for local authority governance in the UK. CIPFA and Solace reviewed the Framework in 2015 to ensure it remained 'fit for purpose' and published a revised edition in spring 2016. The new Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) applies to annual governance statements prepared for the financial year 2016/17 onwards.
- 2.2 The CIPFA Report: Delivering Good Governance in Local Government – Guidance Notes for Scottish Authorities, 2016 Edition, is a lengthy technical document which can be provided to Members for information, on request.
- 2.3 The concept underpinning the revised Framework is that it assists local government, including Valuation Joint Boards, in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. This Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that:
  - \* resources are directed in accordance with agreed policy and according to priorities,
  - \* there is sound and inclusive decision making; and
  - \* there is clear accountability for the use of those resources in order to achieve desired outcomes for service users.
- 2.4 In order to demonstrate a commitment to sound governance, local government bodies are encouraged to publish a governance statement on an annual basis.

- 2.5 The annual governance statement is the formal statement that recognises, records and publishes an organisation's governance arrangements as defined in the CIPFA/SOLACE Framework. The statement requires to be signed off by the Assessor & ERO and the Treasurer. Clearly the signatories must be satisfied that the document is supported by reliable evidence.

### **3.0 Current Position**

- 3.1 The Valuation Joint Board approved a Code of Corporate Governance at its meeting in December 2006 and this has been reviewed and updated, where necessary, annually since.
- 3.2 It is proposed that the Assessor and ERO's Management Team develops a Local Code of Corporate Governance for the Joint Board and implements a self-assessment review to be carried out using the revised framework referred to above during 2017/18.
- 3.3 The Annual Governance Statement which is produced for 2017/18 and thereafter will be founded upon an annual self-assessment.
- 3.4 The development of a Local Code of Good Governance and the completion of a self-assessment will result in some additional resource implications but there are no financial or procurement implications arising directly from carrying out the review.
- 3.5 There is a risk that failure to maintain a local Code and develop a framework to support the necessary evidence will leave the Joint Board unable to produce a Governance Statement. The proposed approach to on-going annual assessment of compliance and reporting to Members will ensure that the Board will be able to produce meaningful Governance Statements into the future.

### **4.0 Recommendations**

- 4.1 Members are asked to approve:-
- (a) The development of a Local Code of Good Governance for the Joint Board; and
  - (b) The completion of a self-assessment of the Joint Board's compliance with best practice in Good Governance.

---

#### Person to contact:

David Thomson (Assessor and ERO)

Tel: 0141 562 1260

E-mail: [david.thomson@dab-vjb.gov.uk](mailto:david.thomson@dab-vjb.gov.uk)

## **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD**

Report by Assessor & Electoral Registration Officer

Valuation Joint Board – 27 September 2017

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**Subject: Internal Audit Update – Electoral Registration Procedures**

### **1.0 Purpose of Report**

- 1.1 To present the report of the Internal Audit of the Joint Board's Electoral Registration processes carried out during 2017/18.
- 1.2 To seek Members approval of the Action Plan included in the above report.

### **2.0 Background**

- 2.1 The audit process supports the Joint Board's improvement efforts and management planning.
- 2.2 Internal Audit Services are provided by West Dunbartonshire Council.
- 2.3 A previous internal audit of our Electoral Registration processes was carried out in 2013 and it concluded that the systems worked effectively.
- 2.4 Since then, however, the electoral registration landscape has changed very significantly with the introduction of Individual Electoral Registration (IER) and the inclusion in registers of 16 and 17 year olds.

### **3.0 Progress**

- 3.1 During the summer of 2017, Internal Audit carried out a review of our Electoral Registration processes and procedures, including individual registration processes, absent voter applications, the annual canvass and associated data protection issues. The audit also examined the areas for improvement which were included in the action plan arising from the 2013 audit.
- 3.2 The findings of the audit were that, in response to the changes referred to at 2.4, the ERO has, through the provision of training and the development of new processes and procedures, continued to maintain the integrity of the Electoral Register. As a result, the audit concludes that the VJB continues to be compliant with current legislation.

- 3.3 The review did, however, highlight that opportunities exist to strengthen internal controls. Details of these opportunities are included in the Action Plan, which forms Section 3 of the report.

#### **4.0 Next Steps**

- 4.1 The agreed actions are in hand and will be implemented as per the Action Plan.

#### **5.0 Recommendations**

Members are asked to:

- (a) To note the contents of the audit report and the ERO's compliance with legislation.
- (b) To approve the Action Plan, and
- (c) Note that the agreed actions will be completed by 30 September 2017.

---

Person to contact:

David Thomson (Assessor and ERO)

Tel: 0141 562 1260

E-mail: david.thomson@dab-vjb.gov.uk

Appendices

Appendix 1: Internal Audit Report on Electoral Registration

**INTERNAL AUDIT SERVICES**  
**REPORT REF No S/016/18 (September 2017)**

**Private & Confidential**

**Dunbartonshire and Argyll & Bute  
Valuation Joint Board –  
Electoral Registration 2017/18**







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### **Personnel referred to in this report :**

**June Nelson – Hamilton: Principal Admin Officer**

**Auditor: Michael Brennan**

## **1. DIRECTOR'S SUMMARY**

### **General**

An audit was conducted on the Dunbartonshire and Argyll & Bute Valuation Joint Board (VJB) – Electoral Registration 2017/18. The audit examined the processes in place to preserve the integrity of the Electoral Register and ensure compliance with current Government Legislation. Tests were carried out to ensure the integrity of absent voters included on the voters register. The processes in place for carrying out the annual canvas were examined and tested to ensure compliance with legislation. It was found that the VJB has adapted well to the introduction of Individual Registration for all registers in 2014 and the extension of the voting rights to 16 and 17 year olds in Scottish Parliament, Scottish Local Elections and in the Scottish Independence Referendum elections.

The review highlighted that opportunities exist to strengthen internal controls and enhance the service provided, the most important of which are listed below:

- Confirmation of rejected applications; and
- Maintaining Batch Logs.

Full details of these opportunities and any other points that arose during the audit are included in the Action Plan, which forms Section 3 of this report.

## **2. MAIN REPORT**

### **2.1 INTRODUCTION**

- 2.1.1 An audit was carried out on VJB – Electoral Registration 1917/18 as part of Internal Audit's Planned Programme of Audits.

### **2.2 SCOPE AND OBJECTIVES**

- 2.2.1 The auditor used the CIPFA Systems Based Auditing Control Matrix to confirm the systems in place, with particular emphasis on the following:
- Individual Registration;
  - Absent Voters;
  - Appeals, Rejections & Reconciliations;
  - Annual Canvas; and
  - Data Protection and System Control.
- 2.2.2 The control objectives tested for the above in relation to transaction recording and processing were: authority; occurrence; calculation; timeliness; and regularity.
- 2.2.3 An audit launch meeting was held with June Nelson-Hamilton Principal Admin Officer.
- 2.2.4 Internal Control Questionnaires (ICQs) were completed to ascertain the systems in place by independently questioning June Nelson-Hamilton.
- 2.2.5 Compliance testing was carried out on the systems to confirm the responses given in the ICQs and that the control objectives were being met.
- 2.2.6 In addition, the auditor examined the areas highlighted as offering opportunities to improve internal control at the previous audit and confirmed that the recommended actions had been implemented.

### 2.3 FINDINGS

- 2.3.1 The findings are based upon evidence obtained from stratified sampling/ substantive testing. The replacement of the Household Registration system by the Individual Registration came into effect in Scotland on 19<sup>th</sup> September 2014. There was an additional change to electoral registration in Scotland with the introduction of the Scottish Elections (Reduction of Voting Age) Act 2015 which extended voting rights to 16 and 17 year olds for specific elections. The VJB through training and the development of new process and procedures has continued to maintain the integrity of the Electoral Register. The audit showed that the VJB continues to be compliant with current legislation.
- 2.3.2 The audit was conducted in conformance with the Public Sector Internal Audit Standards (PSIAS).
- 2.3.3 This report details all points arising during the audit review, full details of which are included in the Action plan contained within Section 3 of this report. We stress that these are the points arising via the planned programme of work and are not necessarily all of the issues that may exist.
- 2.3.4 The factual accuracy of this report has been verified by the officers involved in the audit.
- 2.3.5 Audit would like to thank all staff involved in the audit process for their time and assistance.

3. Action Plan:						
Ref. No.	Finding	Recommendation	Priority	Management Comment	Manager Responsible	Date to be Completed
1.	<p><b><u>Confirmation of Rejected Applications</u></b></p> <p>In the sample of 30 rejections tested two of the electors were not issued with a rejection letter. The rejection was discussed with the elector on the phone with no follow-up letter sent out to confirm the rejection of the application.</p>	All applicants who have had an application rejected must be sent a notice of their rejection, stating the reason their application was not allowed.	Low	The procedure for rejecting applications will be reiterated to staff to ensure a consistent approach.	Admin Manager	30 <sup>th</sup> September 2017
2.	<p><b><u>Maintaining Batch Logs</u></b></p> <p>A book is maintained containing batch log off sheets for each type of update showing:</p> <ul style="list-style-type: none"> <li>• Batch Name;</li> <li>• Bath Number;</li> <li>• Scanned - Initial of person scanning and date scanned;</li> <li>• Processing-Initial of person processing and date of processing; and</li> <li>• Processed-Initial of person confirming update processed completed and date completed.</li> </ul> <p>It was found that the logs for a number of batch types were not initialled/dated by the persons who either the processed or</p>	The batch logs provide evidence that all monthly update batches have being fully processed from preparation and scanning of the batch to final process in the EROS system. All batch logs should be initialled and dated on completion of processing of the batch.	Low	<p>Any "change" batches are also reviewed online in our electoral management system to ensure that all batches are processed, even if the paper copies are not initialled.</p> <p>The procedure for processing batch logs will, however, be reiterated to staff to ensure a consistent approach. This will include a check by supervisors at the end of each day to ensure all batches are initialled and dated by appropriate staff.</p>	Admin Manager	30 <sup>th</sup> September 2017

3. Action Plan:						
Ref. No.	Finding	Recommendation	Priority	Management Comment	Manager Responsible	Date to be Completed
	<p>confirmed that the batched had been processed. The batches where the log was not completed included the following batch types:</p> <ul style="list-style-type: none"> <li>• Armed Forces;</li> <li>• Anonymous;</li> <li>• Crown Servants;</li> <li>• Overseas Electors;</li> <li>• Name Changes;</li> <li>• Standard Queries; and</li> <li>• Invitation to Register Complete August 2017.</li> </ul>					

# DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD

## Report by Treasurer

Valuation Joint Board – 27 September 2017

---

### Subject: Revenue & Capital Budgetary Control Report to 31 August 2017 (Period 5)

#### 1. Purpose

- 1.1 The purpose of this report is to advise Members on the progress of both the revenue budget and the capital programme for 2017/18.

#### 2. Background

##### 2.1 Revenue

At the meeting of the Joint Board on 24 February 2017, Members agreed the revenue estimates for 2017/18. A total net budget of £2.692m was approved.

##### 2.3 Capital

Following the 2016/17 year end, £0.015m of capital and £0.017m of resources were carried forward into 2017/18. At the meeting of the Joint Board on 24 February 2017 Members agreed to fund the 2017/18 Capital Plan of £0.015m from unapplied capital resources (£0.002m) and a constituent contribution (£0.013m). This has been incorporated into this 2017/18 budgetary control report.

#### 3. Main Issue

##### 3.1 Revenue

The summary report attached as Appendix 1 highlights a favourable projected year end variance of £0.062m.

- 3.2 Although the report indicates a favourable variance, the present variance should be viewed in the knowledge that there are a number of variable factors which could arise between now and the 31 March and could affect the year end results.

- 3.3 Analysis of the main variances is showing in Appendix 2 of this report.

##### 3.4 Capital

A summary sheet is attached (Appendix 3) which highlights projected spend on the programme is in line with the budget. It is anticipated that following the 2016/17 year end and projections for spend in 2017/18, there are no unapplied capital receipts to be carried forward into financial year 2018/19.

- 3.6 No variance analysis detail was required as no variances are projected over £0.010m.

#### **4. Conclusion and Recommendation**

##### **4.1 Members are asked to:**

- i) Note the favourable revenue variance of £0.062m (2% of the total budget);
- ii) Note the 2017/18 budgetary position of the capital account.

.....  
**Stephen West**  
**Treasurer**  
**Date: 14 September 2017**

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

<b>Appendix 1</b>	Revenue BCR Period 5
<b>Appendix 2</b>	Revenue Analysis Report
<b>Appendix 3</b>	Capital BCR Period 5



MONTH END DATE **31 August 2017**

PERIOD **5**

REVISED ESTIMATE 2017/18	DESCRIPTION	SPEND TO DATE	FORECAST SPEND 2017/18	FORECAST VARIANCE	Variance %	STATUS
£ 2,181,849	EMPLOYEE COSTS	£ 848,676	£ 2,118,398	£ 63,451	3%	Favourable
114,776	PROPERTY COSTS	27,922	114,776	-	0%	Nil Variance
23,200	SUPPLIES & SERVICES	7,890	23,000	200	1%	Favourable
7,000	PAYMENT TO OTHER BODIES	0	7,000	-	0%	Nil Variance
401,760	ADMINISTRATION COSTS	142,026	403,540	(1,780)	0%	Adverse
36,710	OTHER EXPENDITURE	15,313	36,710	-	0%	Nil Variance
<b>2,765,295</b>	<b>GROSS EXPENDITURE</b>	<b>1,041,827</b>	<b>2,703,424</b>	<b>61,871</b>	<b>2%</b>	Favourable
<b>(73,300)</b>	<b>GROSS INCOME</b>	<b>(70,496)</b>	<b>(73,621)</b>	<b>321</b>	<b>0%</b>	Favourable
<b>2,691,995</b>	<b>NET EXPENDITURE</b>	<b>971,331</b>	<b>2,629,803</b>	<b>62,192</b>	<b>2%</b>	Favourable
(80,824)	BALANCES USED					
2,611,171	AUTHORITIES CONTRIBUTIONS					

<b>UNDERSPEND</b>	<b>62,192</b>	<b>2%</b>
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## REVENUE BUDGETARY CONTROL 2017/2018

## ANALYSIS FOR VARIANCES

MONTH END DATE

31 August 2017

PERIOD

5

Budget Area	Budget	Spend to Date	% Spend to Date of Total Budget	Forecast Spend	Forecast Variance		Status
	£	£	%	£	£	%	
EMPLOYEE COSTS	2,181,849	848,676	39%	2,118,398	63,451	3%	↑
Variance Narrative							
Main Issues	There is a favourable variance due to vacancies						
Mitigating Action	No action is require due to the variance being favourable						
Anticipated Outcome	It is likely this budget will underspend by the year end.						

MONTH END DATE

31 August 2017

PERIOD

5

ORIGINAL BUDGET	2016/17 YEAR END ADJUST'S**	2017/18 BUDGET	DESCRIPTION	SPEND TO DATE	FORECAST SPEND	FORECAST VARIANCE	Variance %	STATUS
£ 4,020	£ 0	£ 4,020	PC REFRESH	£ 0	£ 4,020	£ 0	0%	Nil Variance
11,000	0	11,000	FLEXI TIME SYSTEM	0	11,000	0	0%	Nil Variance
0	3,200	3,200	SERVER UPGRADE	0	3,200	0	0%	Nil Variance
0	11,250	11,250	COMMUNICATION LINE - CAMPBELTOWN	0	11,250	0	0%	Nil Variance
<b>15,020</b>	<b>14,450</b>	<b>29,470</b>	<b>GROSS EXPENDITURE</b>	<b>0</b>	<b>29,470</b>	<b>0</b>	0%	Nil Variance
(2,503)	(14,490)	(16,993)	UNAPPLIED CAPITAL RECEIPTS CARRIED FORWARD	0	(16,993)	0	0%	Nil Variance
(12,517)	0	(12,517)	AGREED LEVEL OF CONSTITUENT CONTRIBUTIONS	0	(12,517)	0	0%	Nil Variance
<b>(15,020)</b>	<b>(14,490)</b>	<b>(29,510)</b>	<b>GROSS INCOME</b>	<b>0</b>	<b>(29,510)</b>	<b>0</b>	<b>0%</b>	Nil Variance
<b>0</b>	<b>(40)</b>	<b>(40)</b>	<b>PROJECTED CAPITAL RECEIPTS CARRIED FORWARD</b>	<b>0</b>	<b>(40)</b>	<b>0</b>		



**DUNBARTONSHIRE and ARGYLL & BUTE VALUATION JOINT BOARD**

Report by Treasurer

Valuation Joint Board: 27 September 2017

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**Subject: Annual Accounts for the Year Ended 31 March 2017**

**1. Purpose**

- 1.1** The purpose of this report is to present to Members of the Board the post audit Annual Accounts for the year ended 31 March 2017.

**2. Background**

- 2.1** The Local Authority Accounts (Scotland) Regulations 2014 came into force on 10 October 2014 and introduces a number of changes to the report and accounts, including the requirements to:

- (a)** Include a Management Commentary which is intended to assist readers in understanding the financial statements and the organisation that has prepared them;
- (b)** Report the draft Annual Accounts to the Board for formal consideration prior to submission to the Accounts Commission by 30 June each year;
- (c)** Publish the notice of public right to inspect and object to Financial Statements to commence no later than 20 June 2017. With the accounts available for inspection by 4 July 2017; and
- (d)** Report the audited accounts for formal consideration prior to 30 September each year.

- 2.2** A Balance and Reserve Policy was approved by the Board at its meeting in November 2012. The Board's Prudential Reserve Policy is to retain a prudential target of 2% of net expenditure (£53,289) or £100,000 which ever is higher. As at 31 March 2017, the Board held balances of £492,621 of which £80,824 was earmarked, leaving £311,797 free revenue balances.

### **3. Main Issues**

#### **3.1.1** In relation to the requirements of the Financial Regulations:

- The annual accounts attached includes a Management Commentary;
- The draft Annual Accounts were reported to the Board on 23 June 2017;
- The Board published the public notice for inspection of the accounts on 17 June 2017 and no comments or objections were received; and
- This report and attached audited Annual Accounts provides the Board with this information.

**3.2** Audit Scotland has finalised their audit of the Joint Board's 2016/17 Annual Accounts. There were no major amendments to the draft Annual Accounts. There was one error of £3,283 identified which was above the audit reporting threshold. The impact of this adjustment was to increase net cost of service by this amount and decreased total usable reserves from £512,897 to £509,614.

**3.3** Audit Scotland's Annual Report to Members and the Controller of Audit is submitted as a separate agenda item to this meeting and provides further information on matters which were reviewed during the audit and which the Auditor feels worthy of Members' attention.

**3.4** The Management Commentary (pages 2 to 21) consists of the Assessor's Report and the Treasurer's foreword plus other areas not reported previously such as service changes and developments, impact on financial climate and risks, provisions and contingencies.

**3.5** The Annual Governance Statement is included on pages 26 to 28. This Statement assures stakeholders on how the Board directs and controls its functions and how it relates to communities which will enhance transparency and scrutiny of the Board's activities.

**3.6** Members' attention is drawn to the Statement of Responsibilities on page 25.

**3.7** Delivering Good Governance in Local Government Framework, published by CIPFA in association with Solace in 2007, set the standard for local authority governance in the UK. This was reviewed and replacement framework was issued in 2016: Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) to apply to annual governance statements prepared for the financial year 2016/17 onwards.

The Boards Management Team has not yet developed a Local Code of Good Governance for the Joint Board and will provide this during 2017/18. In the meantime, for the 2016/17 governance statement has continued to follow the existing Board Code of Governance. Assuming the new Code of Governance is approved by the Board, the Management Team will review on the effectiveness of the sources of assurance will be carried out and reported to the Board in time for the 2017/18 Governance Statement.

- 3.8** The Management Commentary summarises the financial position of the Joint Board. The Joint Board's 2016/17 budget was approved to break even using £267,766 of balances. However, the Board completed the year using £120,802 of reserves. This together with appropriate management control has resulted in an overall underspend against budget of £146,964. The main variances are showing in the table below.

<b>Variance</b>	<b>£</b>	<b>Comments</b>
Property	18,462	Due to lower than anticipated cost of rates, energy and accommodation costs.
Supplies & Services	49,330	Underspends across a range of budget lines.
Income	93,760	The Board received £93,760 in grant funding to cover the costs of IER which had not expected to be received when the budget was constructed and approved.

- 3.9** As at 31 March 2017 the Board held total usable reserves of £509,614 (of which £16,993 are unapplied capital reserves), with the remaining balance comprising revenue reserves of £492,621. A proportion of this is identified as an earmarked balance (£80,824) and once this has been accounted for leaves £411,797 of general reserves for future use (including £100,000 prudential reserve as noted above in 2.2).
- 3.10** As can be seen, from the above, the Board's reserve position remains significantly above the prudential reserve target.
- 3.11** The Board recognises the difficult financial climate facing public services and has continued to seek efficiencies where possible. It is anticipated that future planned draws on the reserves may be required to ensure that a balanced budget is delivered for 2017/18 onwards given the forecast reduction in funding for local government and the increasing workload to the Board.

#### **4. Conclusions and Recommendations**

- 4.1** Members are asked to agree the post-audit Annual Accounts for the year ended 31 March 2017 and that a fully audited report and accounts will be reported to the full Board at a later date.

.....  
**Stephen West**

**Treasurer**

**Date: 15 September 2017**

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

**Appendix:** Annual Accounts 2016/17

**Background Papers:** Budget report 2016/17; and  
Report on Draft Annual Accounts 2016/17



**JOINT BOARD MEMBERS AND OFFICIALS AS AT 31 MARCH 2017**

**ARGYLL AND BUTE COUNCIL**

Councillor John Armour  
Councillor Richard Trail  
Councillor John McAlpine  
Councillor Gordon Blair  
Councillor Donald MacMillan

**EAST DUNBARTONSHIRE COUNCIL**

Councillor Jim Gibbons  
Councillor Vaughan Moody (Vice Chair)  
Councillor John Jamieson  
Councillor Manjinder Shergill  
Councillor Bill Hendry  
Councillor Michael O'Donnell

**WEST DUNBARTONSHIRE COUNCIL**

Councillor Jim Brown (Chair)  
Councillor Jonathan McColl  
Councillor Tommy Rainey  
Councillor Kath Ryall  
Councillor Hazel Sorrell

**OFFICIALS**

David Thomson (Assessor)  
Robert Nicol (Depute Assessor)  
Peter Hessett (Clerk)  
Stephen West (Treasurer)

## **GENERAL SERVICE AIMS AND OBJECTIVES**

### **WHO WE ARE AND WHAT WE DO**

Dunbartonshire and Argyll & Bute Valuation Joint Board is an independent local government body 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**

Within the constraints of the increasingly tight public finance regime, 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 our Equalities 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

## **1.0 INTRODUCTION**

I am pleased to present the Joint Board's Management Commentary and Annual Accounts in relation to the 2016/17 financial year.

The main purpose of this Management Commentary is to inform all users of the accounts and to help them assess how the Joint Board perform their duty to promote the success of the Valuation Joint Board (VJB). This Management Commentary also summarises the functions and activities of the office of the Assessor and Electoral Registration Officer (ERO) over the past year and provides information on the performance levels achieved in carrying out the statutory duties of the organisation.

The requirements governing the format and content of local authorities' annual accounts (under s106 of the Local Government (Scotland) Act 1973 joint boards and committees are classed as local authorities) are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the "Code").

2016/17 was a very busy year for the Assessor and ERO functions and the Board's employees.

Completion of the 2017 Non-Domestic Rating Revaluation was a primary focus for our valuation staff for much of the 2016/17 year, with preparations being carried out in parallel with general maintenance activities and the management and disposal of running roll appeals.

In relation to our Council Tax functions, the number of new dwellings added to the Council Tax Lists was slightly down on recent years and appeal activity remained, largely, at expected levels.

2016/17 was the second year of operating under the new rules and procedures introduced by Individual Electoral Registration (IER). Support for the Scottish Parliamentary elections held in May 2016, the Referendum on EU membership in June 2016, preparations for the Local Government elections in May 2017 and various local Community Council elections all required significant resourcing.

The VJB Management Team continues to be the main forum for decision making within the organisation. It met regularly (approximately 8-weekly) throughout 2016/17 to manage statutory functions and operations, and develop, implement and monitor policies and strategies.

The continuing financial pressure on the Joint Board's budget led to a review of staffing levels and several employees left us under voluntary early retirement and voluntary severance arrangements.

## **2.0 GENERAL PROGRESS IN RELATION TO STATUTORY FUNCTIONS**

### **2.1 NON-DOMESTIC RATING**

#### **Aims**

- To carry out a general Revaluation, normally every 5 years. In particular, plan to deliver a full set of draft Rateable Values to the Scottish Government by September 2016 and fully implement the Revaluation by 1<sup>st</sup> April 2017.
- 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. In particular, to issue Revaluation Notices to all relevant parties in March 2017.
- To consolidate or 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 Revaluation 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 bodies.

## 2.1 NON-DOMESTIC RATING (Cont'd)

### 2017 Revaluation

The 2017 Revaluation came into effect on 1<sup>st</sup> April 2017 based on a valuation date of 1<sup>st</sup> April 2015. The Revaluation was delivered entirely within statutory and in-house timetables with notable landmarks being:-

- Draft Net Annual and Rateable Values were provided to the Scottish Government for budget planning purposes in September 2016.
- Draft NAV/RVs were made available for public inspection at the Scottish Assessors web portal (saa.gov.uk) in December 2016, to coincide with the Finance Minister's budget statement.
- The Revaluation Rolls for each authority were 'made up' on 15<sup>th</sup> March 2017. At this point they were also passed to our constituent Councils for billing purposes and Revaluation Notices were issued to all Proprietors, Tenants and Occupiers.
- The Revaluation Rolls became effective on 1<sup>st</sup> April 2017.

It should be noted that the Revaluation was delivered at a time of increased pressure on resources and without the additional, specific funding which has been applied to some previous Revaluations. My thanks are due to all staff involved.

The Revaluation resulted in the following changes to the total Rateable Values of the Councils in the Joint Board area:-

	2010 Valuation Roll		2017 Valuation Roll	
	No. Of Subjects	Rateable Value	No. Of Subjects	Rateable Value
Argyll & Bute	8,502	£90,468,879	8,516	£109,930,634
West Dunbartonshire	2,894	£172,761,685	2,926	£185,733,135
East Dunbartonshire	2,362	£67,124,009	2,388	£68,990,965
<b>DAB Total</b>	<b>13,758</b>	<b>£330,354,573</b>	<b>13,830</b>	<b>£364,654,734</b>

The Assessor for Dunbartonshire and Argyll & Bute has a specific responsibility to value the statutorily 'designated' gas utility subjects for the whole of Scotland. These are entered in the Valuation Roll for West Dunbartonshire and the following are included in the above totals:-

Designated Subject	2010 NAV/RV	2017 NAV/RV
Transmission Network	£44,570,000	£36,800,000
Distribution Network	£42,000,000	£64,500,000
Meters	£8,300,000	£8,300,000
Total	£94,870,000	£109,600,000

The outcomes of the Revaluation were very mixed across different property sectors and geographical locations and those sectors which were negatively affected by the process ran particularly well organised publicity campaigns resulting in government intervention in the form of caps and reliefs. The extensive publicity and ratepayer reaction required additional direct liaison with ratepayers and their representative bodies both at local and national levels in the lead up to the Revaluation Roll coming into effect and this is expected to continue well into the Revaluation cycle.

Part 6 of the Land Reform (Scotland) Act 2016 removed the exemption from the Valuation Roll for Shooting Rights that had existed for some years. Consequently, Shooting Rights and Deer Forests are to be entered into Valuation Rolls with effect from 1<sup>st</sup> April 2017. Assessors, however, have certain scope to make entries in the valuation rolls retrospectively and this is going to be the case nationally for these subjects. Since the relevant part of the Land Reform Act was commenced, Assessors across Scotland have been engaging with the sector by issuing questionnaires to gather information and considering a scheme of valuation. Work in this respect is still on-going, recognising the imperative of ensuring that values are sufficiently informed and accurate. As a result, entries will be made in Valuation Rolls and Valuation Notices will be issued during the 2017/18 financial year.

## 2.1 NON-DOMESTIC RATING (Cont'd)

### Maintenance of the Valuation Roll

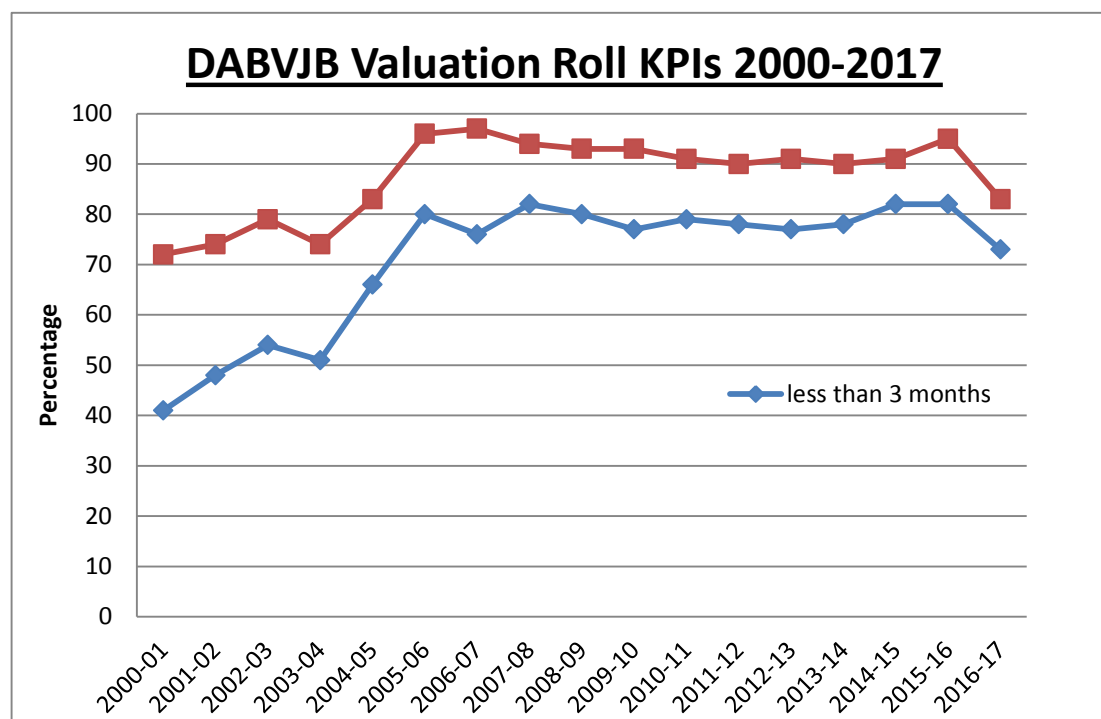
Throughout the year, professional and technical staff have been involved in the routine updating of the Valuation Roll to take account of additions, alterations and deletions. 848 amendments were made to the Valuation Roll during the year.

Total No of entries @ 1st April 2016	13,641
Total Rateable Value @ 1st April 2016	£330.0 million
Total Number of entries @ 31st March 2017	13,758
Total Rateable Value @ 31st March 2017	£331.1 million

The national 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 2016/17 compared with the actual figures for 2015/16:-

Period	Actual 2015/16	Target 2016/17	Actual 2016/17			
			Argyll & Bute	West Dunbartonshire	East Dunbartonshire	VJB Area
0-3 months	82%	83%	77%	71%	56%	<b>74%</b>
3-6 months	13%	12%	10%	8%	16%	<b>10%</b>
>6 months	5%	5%	13%	21%	28%	<b>16%</b>

Our performance over the period since 2000 is shown below:-



## **2.1 NON-DOMESTIC RATING (Cont'd)**

### **Maintenance of the Valuation Roll (Cont'd)**

It is quite clear that the application of resources to the delivery of the Revaluation has adversely affected our performance in relation to maintenance functions. Further, we continue to receive notifications late in the year of changes which occurred much earlier in the year. Such situations give rise to 'delays' in altering the Valuation Roll and, to some extent at least, we have limited, or no, control over these instances.

We will, however, be reviewing procedures and heightening our monitoring efforts in the year ahead in a concerted effort to return performance levels to their previous high standards. This will be challenging, in light of reduced staffing levels, but it is a challenge which we must tackle.

### **2005 Revaluation and Running Roll Appeals**

Most of the appeals which were outstanding at the start of the year related to telecommunication subjects. Progress in relation to these appeals has proven to be very difficult as the appellants' agents seem very reluctant to bring them to a conclusion. Towards the end of the year, however, some initial discussions did take place and there is hope for progress in the near future.

One appeal in respect of the Gas Distribution Network for Scotland (Rateable Value £31,880,000) was withdrawn, leaving 25 appeals outstanding in respect of the 2005 Revaluation cycle.

### **2010 Revaluation and Running Appeals**

During the year, 116 appeals relating to the 2010 Valuation Roll were disposed of leaving 159 appeals outstanding at 31<sup>st</sup> March 2017. Of these, 38 appeals relate to the 2010 Revaluation and 121 relate to subsequent years. 100 appeals have been referred to the Lands Tribunal, with the majority being in relation to Mobile Telecommunication networks and Hydro Generation subjects. The latter are currently held at the Tribunal pending the decision in a sample of test cases which were heard by the Tayside Valuation Appeal Committee.

### **Barclay Review of Non-Domestic Rating**

In March 2016 the First Minister announced a review of the non-domestic rating system. Established under the chairmanship of Mr Ken Barclay, former Chair of RBS Scotland, the review will consider how 'business' rates might better support business growth, respond to wider economic conditions and changing marketplaces and support long-term growth and investment.

The group made a call for submissions in July 2016 with a closing date of 7 October 2016. The Scottish Assessors Association made a submission to the group and has provided input to several evidence gathering sessions.

The Review group will report to Ministers in July 2017 and the Government has committed to reacting to its recommendations swiftly. It is clear from the topics covered by the review group that its members are interpreting their remit in the widest terms and there is a very real likelihood that its recommendations and the government's response to these, could have very far reaching implications for the role of the Assessors and, perhaps, even the future of the Joint Board.

## 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 that amendments to the Valuation List are effective and the date the Banding Notices are 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.

### Maintenance of Valuation List

The year to 31st March 2017 saw 932 additions to the Council Tax List and a net increase in the number of dwellings shown in the Council Tax List as follows:-

Total Number of entries @ 1st April 2016	143,864
Total Number of entries @ 31st March 2017	144,388

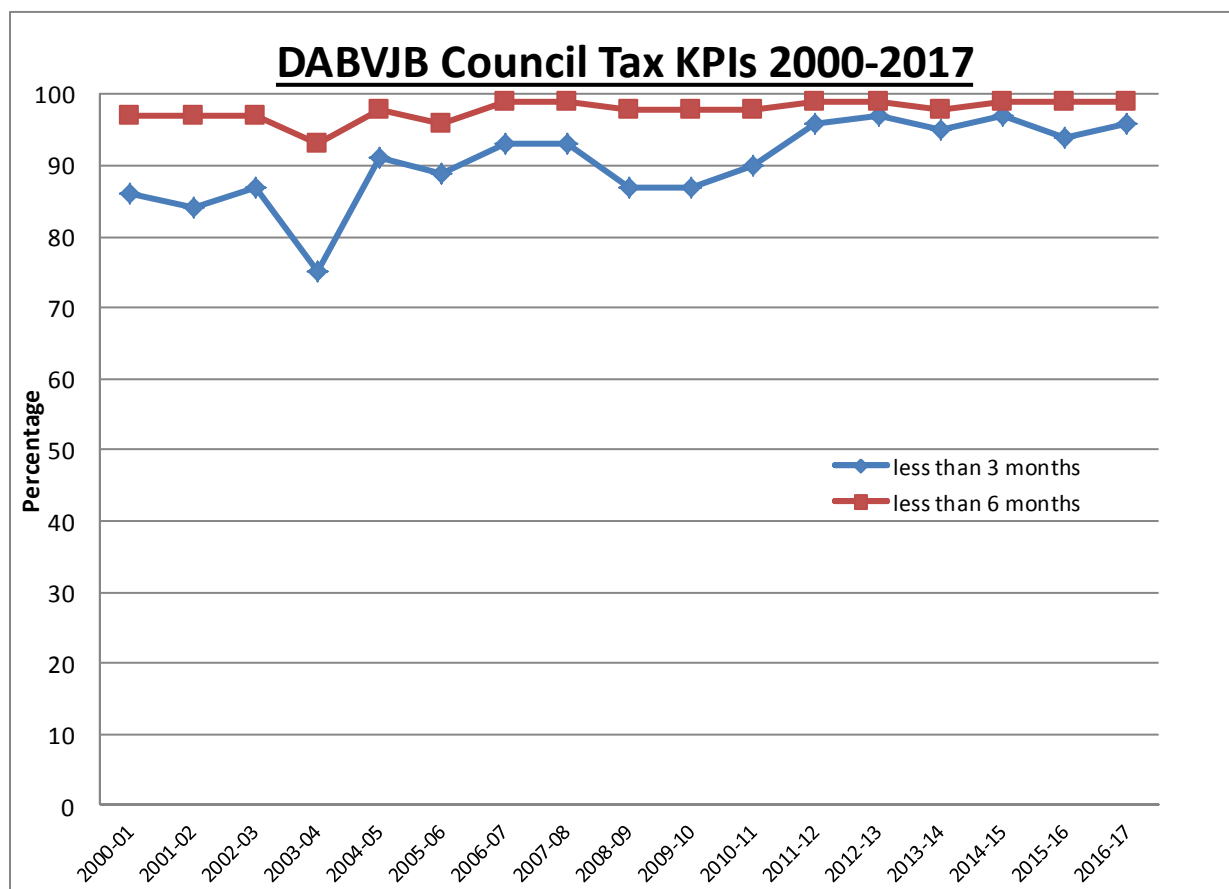
The national Key Performance Indicator in relation to Council Tax has been defined as the time taken from the date on which additions to the Valuation List are effective to the date a Banding Notice in respect of that new entry is issued. The following table sets out the target and actual performance information for 2016/17 compared with the actual figures for 2015/16:-

Period	Actual 2015/16	Target 2016/17	Actual 2016/17			
			Argyll & Bute	West Dunbartonshire	East Dunbartonshire	Whole VJB Area
0-3 months	94%	95%	97%	98%	96%	<b>96%</b>
3-6 months	5%	3%	2%	2%	3%	<b>3%</b>
>6 months	1%	2%	1%	0%	1%	<b>1%</b>

Thus our performance was improved over 2015/16 in relation to the 3 month target, and our target at 3 months was exceeded.

## 2.2 COUNCIL TAX (Cont'd)

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



### Proposals and Appeals

During the year 220 proposals to change property Bands were received and 192 were disposed of.

The government's introduction of new charging ratios for properties in Bands E to H has resulted in an increase in enquiries and proposals for houses in these bands. The effect has not proven to be excessively resource intensive to date but it has been a burden that was not previously planned for.

## 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.



## 2.3 ELECTORAL REGISTRATION (Cont'd)

### Electoral Registration and Publication of the Register

Following on from the transition to Individual Electoral Registration (IER) between September 2014 and December 2015, 2016/17 was the first full year under the new 'Business-as-usual' processes and procedures. IER is more expensive to operate than traditional registration. During 2015/16, with the IER Project being run down at the Cabinet Office (CO), the indications had been that no funding would be available from central government beyond that year. Late in 2015/16, however, the CO advised that funding would be made available and, under a new Modernising Electoral Registration Programme, it would continue to be made available, on a reducing basis, "for the period of this Parliament". Subsequently we received £93,760 in grant funding with the option to submit a Justification Led Bid if that proved to be insufficient to cover the additional costs of IER. In light of savings made in the canvass process (see later) 'additional' expenditure was contained within the amount of grant provided so no bid was submitted.

Grant funding has been assumed in the budget estimates for 2017/18 but, with a snap UK Parliamentary general election having very recently been called, it remains to be seen if the commitment to fund the additional costs is met by whatever new government is formed.

Our annual canvass commenced on 1<sup>st</sup> July with the issue of Household Enquiry Forms (HEFs), which replaced the annual canvass form. These forms can, however, no longer be used to effect change to the register. Instead, change notified on returned forms is to be treated as a piece of evidence which initiates the issue of an Invitation to Register (ITR) or other relevant documentation. Thus what was a single stage process for a whole household can now be a multi-stage process for each individual applicant.

The requirement to issue ITRs both during and outwith the annual canvass period partly removes the distinction between the two processes, thereby making reporting directly on the canvass much more difficult.

Notwithstanding the above, we issued the following HEFs, including reminders, during the canvass period with the majority of the 2<sup>nd</sup> reminders being issued via a door-to-door canvass as follows:-

	Initial issue	1 <sup>st</sup> Reminder	2 <sup>nd</sup> Reminder	%age Return
Argyll & Bute Council	48,536	19,685	12,187	85.47%
East Dunbartonshire	46,119	20,432	12,481	84.77%
West Dunbartonshire	45,079	24,874	17,715	71.7%
<b>VJB Total</b>	<b>139,734</b>	<b>64,991</b>	<b>42,383</b>	<b>80.8%</b>

The total response rate of 80.8% is significantly up on the return in the 2015 canvass (74.96%). The improvement appears to have resulted both from a better understanding of the new system amongst electors and improvements in the prescribed HEF and ITR forms which were used.

Several methods of making returns are provided to electors and a summary of the returns is shown below:

Method of Response	2015 Canvass		2016 Canvass	
	No of Returns	%age return	No of Returns	%age return
Post	51,022	36.79%	55,367	39.62%
Electronic (web/phone/SMS)	35,628	25.69%	40,482	28.97%
Phone/Email contact	2,681	1.94%	2,426	1.74%
Door-to-door canvass	9,752	7.03%	7,870	5.63%
Verified as second home/long term empty	3,541	2.55%	5,646	4.04%
Returned/Empty/ Other	1,343	0.97%	1,111	0.8%
<b>Total</b>	<b>103,967</b>	<b>74.97%</b>	<b>112,902</b>	<b>80.8%</b>

## 2.3 ELECTORAL REGISTRATION (Cont'd)

### Electoral Registration and Publication of the Register (Cont'd)

Traditionally, the door-to-door canvass which follows up on non-responses to HEFs, involved canvassers visiting each household twice. This is beyond the statutory requirement and, in an effort to reduce the costs of the canvass, the 2016 door-to-door canvass was carried out on a 'pilot' basis by requiring only one visit.

The return of 7,870 forms via this process represents a 20.26% return on the 38,837 households which were visited. The return rate in 2015, which was completed on the basis of two visits was 19.92%. There, therefore, appears to be little justification for carrying out a second visit and future canvasses will be planned on a single visit basis.

The number of changes to the Register during the 2016 canvass period was as follows:-

Elector Additions	11,026
Elector Deletions	13,267

resulting in a total electorate of 221,078 at publication on 1<sup>st</sup> December.

This total electorate figure is up on the total at publication in December 2015 as follows:-

Year	No of Electors
2016	221,078
2015	218,668
2014	223,594
2013	221,453
2012	219,117
2011	217,065
2010	216,433
2009	215,460
2008	216,241
2007	218,875
2006	218,399

The full Electoral Register can only be provided for certain limited statutory purposes, while the 'Open Register' (also known as the 'Edited Register') can be sold to anyone for any purpose. Under IER electors who opt-out from the Open Register will remain opted out until they advise the ERO accordingly or they re-apply to be registered. At the end of the 2016 canvass the percentage of electors who had opted out was as follows:-

Year	Electors Opted out
2016	39.35%
2015	33.4%
2014	26.0%
2013	13.5%
2012	19.5%
2011	21.0%
2010	27.2%
2009	25.3%
2008	21.7%
2007	13.4%
2006	17.3%

The Registers which were published at 1<sup>st</sup> December reflected the new local government wards/boundaries which will take effect from the elections in May 2017.

## 2.3 ELECTORAL REGISTRATION (Cont'd)

### Absent Voters

Generally, the trend in numbers of absent voters on the register in recent years has been upwards but this was not the case at publication in December 2016, as is shown below:-

Year	No of Absent Voters
2016	37,764
December 2015	38,376
February 2015	34,525
2014	27,176
2012	29,501
2011	29,076
2010	27,365
2009	24,899
2008	23,095

### Rolling Registration

Rolling Registration is the process of dealing with applications for changes to the Register which take place outwith the canvass period. During 2016/17 the numbers of rolling registration changes made were as shown below:

Local Authority	Additions	Deletions
Argyll & Bute	7,107	6,372
East Dunbartonshire	6,510	5,366
West Dunbartonshire	5,310	4,175
<b>VJB Area</b>	<b>18,927</b>	<b>15,913</b>

Historically, the annual canvass provided much more change to the registers than rolling registration but the above illustrates that this is no longer the case. Electoral events, and all the publicity surrounding them, now account for much of the annual change to registers.

IER requires a pro-active approach to change throughout the year and we have continued to use sources such as Council Taxpayer records, Education Authority data and house sales information to initiate the issue of ITRs.

### Electoral Performance

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

In March 2016 the Electoral Commission published its standards which would apply to the new 'business-as-usual' regime. Our self-assessment is that we are either compliant with each of the standards or are in a position where we are continually updating and reviewing how we do comply. The EC requests evidence of compliance from a sample of EROs, annually, based on their own assessment of risk and, to date, we have not been asked to make such a submission.

Alongside the Performance Standards regime, the EC and the Cabinet Office have developed an extensive suite of reports on registration activity and register accuracy and completeness. Various reports were submitted to these bodies both during and immediately following publication of the registers.

## **2.3 ELECTORAL REGISTRATION (Cont'd)**

### **Elections and Referendum**

During 2016/17 Electoral Registers were used for the purposes of the Scottish Parliament elections in May 2016 and the referendum on European Union membership in June 2016. Very few issues arose at either event in respect of the completeness or accuracy of the registers, though our preparations for the latter were significantly hampered by the failure of the Government's digital application service in the hours before the registration deadline. The subsequent extension to the deadline was universally supported but very poorly communicated to administrators, including EROs. Notwithstanding this lack of clarity, we dealt with the changes and all registers, absent voter's lists etc. were prepared in good time for the Counting Officers' purposes.

Towards the end of the financial year significant resource was being applied to the preparations for the local government election on 4 May, and the calling of a UK Parliamentary election for 8 June will require immediate planning internally, with Returning Officers and in line with Electoral Management Board guidance.

## **3.0 GENERAL PROGRESS IN RELATION TO OTHER MATTER**

### **3.1 INFORMATION AND COMMUNICATIONS TECHNOLOGY**

#### **IT and Computer Provision**

The Valuation Joint Board's IT Strategy provides direction and focus for the Joint Board as technology advances and the requirement for changes in processes continues. The strategy:-

- Supports the day to day business of the Board
- Assists in the delivery of a high quality service
- Identifies the competencies required for ICT support and development
- Helps maintain partnerships with stakeholders.

Computers and IT systems continue to be maintained and upgraded as required to meet operational needs and in accordance with the recommendations from West Dunbartonshire Council's ICT Service. During the year we purchased 10 PCs to replace obsolete devices. Further, a new Unix Server to host our 'Progress' valuation system and a Domain Controller (server) for each of our sites, which had been purchased in 2015/16, were successfully installed during the early part of 2016/17.

Issues regarding communication with, and connection to, our office in Campbeltown have been ongoing for some time now. The procurement of a fibre line was initiated some time ago but there are dependencies on the suppliers in terms of implementation and our supplier experience has been very frustrating. As 2016/17 finished, BT Open Reach had identified further issues preventing the immediate installation of cabling as ordered.

Our Electoral Management System was upgraded several times throughout the year to provide the functionality required.

The 'Progress' system which supports our valuation functions was further developed to help facilitate the 2017 Revaluation, both in terms of local delivery and the data sets required for the SAA web portal.

#### **Scottish Assessors Association Web Site**

Throughout the year, staff continued to actively participate in the Project's Management Committee, Project Team and Working Group to enhance the SAA web portal ([www.saa.gov.uk](http://www.saa.gov.uk)). This provides single point access to Valuation Roll, Council Tax List and Electoral Registration information on an all-Scotland basis.

### **3.1 INFORMATION AND COMMUNICATIONS TECHNOLOGY (Cont'd)**

The web portal was used as the vehicle for publishing draft 2017 Rateable Values in December 2016 and the full Revaluation Roll, as made up, went live on the morning of 1<sup>st</sup> April 2017.

Issues around data holding, sharing and supply were, again, to the fore throughout 2016/17 and there is a danger that these will affect not only the development of the portal but its very future going forward the implications of the General Data Protection Regulation will also have to be considered.

### **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 2015/16 Public Performance Report was published during 2016/17 on our web site ([www.dab-vjb.gov.uk](http://www.dab-vjb.gov.uk)).

#### **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 2016/17:

- A new 3-year Service Plan for the period 2017– 2020 was drafted and will be presented to the Board for approval at the first meeting following the local government elections.
- A review of the Board's Comments and Complaints handling process, procedures and reporting system was carried out and the changes are ready for implementation in the 2017/18 year. This should permit better reporting of complaints outcomes and corporate learning from the Complaints system.
- A review of the internal Budget Reporting Process was completed, including the implementation of a consistent approach to materiality/variance reporting. The revised reporting format allows improved reporting of corrective actions proposed and/or taken and increases the transparency and accountability in financial management.
- A Procurement Policy which complies with statute and aligns with West Dunbartonshire Council's procedures was developed, approved and implemented. A Contracts List is now published and maintained. In line with this, the Joint Board's Standing Orders and Financial Regulations were updated to reflect the new procedures.
- A review of staffing structures and a sweep for expressions of interest in Voluntary Early Retirement/Voluntary Severance resulted in future savings which reduce existing budget gaps and reduce financial risk.
- Data Sharing Agreements, which are in line with Data Protection Act requirements and the Information Commissioner's good practice guidance were developed and implemented with a number of relevant stakeholders.
- The approach to the annual electoral door-to-door canvass was reviewed resulting in the costs of the canvass being significantly reduced without detriment to the canvass return rates and effectiveness.

The above represent real commitments to the Best Value regime and to continuous improvement. The current financial restrictions have imparted an efficiency driven ethos in many of our operations, but we will continue to strive to provide improving services.

### 3.2 BEST VALUE (Cont'd)

#### Audit

During the year Internal Audit initiated a review of our Electoral Registration Procedures, though the fieldwork required has been put on hold to avoid any interruption to the preparations for the local government elections.

The finances of the Joint Board for 2016/17 will be audited by Audit Scotland who completed initial investigations into systems during the year. An Audit Plan was completed which identified the main areas where they will direct scrutiny.

- Controls are in place to ensure that management cannot override financial controls
- Financial planning is adequate to meet future expenditure requirements.

The auditors will report on these investigations in their Auditor's Report.

#### Customer Satisfaction

For some years now, recent users of the Joint Board's services have been randomly sampled and issued with questionnaires to seek 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 (97%) find us professional, courteous and helpful.
- 68% of queries or transactions are completed at the first point of contact and only 3% of matters are not concluded to the satisfaction of the stakeholder.
- Most users of Joint Board services (97%) are satisfied with the information and/or advice provided to them.
- Very high satisfaction levels are being maintained on a year-to-year basis.

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Survey Return Rate	25%	23%	28%	27%	21%	18%	19%
Was the person with whom you communicated professional, courteous and helpful?	98%	98%	97%	98%	99%	97%	97%
Was the matter brought to a satisfactory conclusion immediately?	58%	62%	58%	55%	67%	62%	68%
Was the matter brought to a satisfactory conclusion?	97%	98%	98%	96%	97%	96%	97%
Are you satisfied with the quality of the information or advice given to you?	96%	96%	96%	96%	97%	94%	97%

In an attempt to improve the return rates and to provide more opportunity for corporate learning from the process, there will be a review of the procedure during 2017/18 with the aim of implementing a new procedure in April 2018.

### 3.2 BEST VALUE (Cont'd)

No Customer Satisfaction forms were requested in alternative languages, Braille or other formats. A breakdown of the returns which indicated the relevant protected characteristics is shown below:-

Characteristic	Category	Percentage
Race	White	97.3%
	Non-white	2.7%
Gender	Male	42.3%
	Female	57.7%
Disability	Disabled	11%
	Able-bodied	89%
Sexual orientation	Heterosexual	98.2%
	Other	1.8%
Marital status	Married	61.6%
	Never Married	15.1%
	Other	23.3%
Age	16-21	1.6%
	22-30	7.5%
	31-40	7.0%
	41-50	17.1%
	51-60	24.1%
	61-65	18.7%
	66-70	10.2%
	70+	13.9%

Sample sizes within the various equalities groups were too small to draw firm conclusions but the results will continue to be monitored to ensure that we are carrying out our functions in a fair and equitable manner.

#### Complaints Procedure

The Joint Board operates a Complaints Procedure which is in line with the Public Sector Ombudsman's Model Complaints Handling Procedure.

There were a total of 14 Complaints received during 2016/17, compared to 21 in 2014/15 and 31 in 15/16, with 13 relating to Electoral Registration and 1 relating Council Tax. 11 complaints were resolved at the Frontline Resolution stage with 3 being escalated to the Investigation stage. None were referred to the Ombudsman.

The nature of the complaints received was very varied with virtually every case being unique. If there was any theme to the complaints it was that the Electoral Registration system has become ever more complex. It is acknowledged by administrators and legislators, alike, that the system is too complex and prescriptive and it is to be hoped that the Cabinet Office's Modernising Electoral Registration Programme delivers the sort of flexibility which will allow EROs to apply 'common sense', local decisions.

Complaints did highlight issues in our processing of Crown Servant electors and in the way we dealt with ineligible electors. In both cases our procedures were revised and training was provided.

### 3.2 BEST VALUE (Cont'd)

#### Financial Performance

#### 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 Annual Accounts. On an accounting basis the deficit on the provision of service for the financial year reported in the Comprehensive Income and Expenditure Statement is £463,040. However this takes account of capital contribution of (£30,475), adjustments between the accounting and funding basis of £372,713 and the in-year deficit of £120,802 as shown in the table below:-

	<b>Comprehensive Income &amp; Expenditure Statement</b>	<b>Statutory Adjustments</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
	£	£	£	£	£
Employee Costs	2,413,717	(101,475)	2,312,242	2,297,225	15,017
Property Costs	117,716	0	117,716	136,178	(18,462)
Transport Costs	43,881	0	43,881	50,000	(6,119)
Supplies & Services	244,726	0	244,726	294,056	(49,330)
Payment to Other Bodies	34,924	0	34,924	30,000	4,924
Support Services	130,667	0	130,667	130,667	0
Depreciation & Amortisation	121,238	(121,238)	0	0	0
Other Costs (Interest; Pensions)	149,932	(150,000)	(68)	(100)	32
<b>Total Expenditure</b>	<b>3,256,801</b>	<b>(372,713)</b>	<b>2,884,088</b>	<b>2,938,026</b>	<b>(53,938)</b>
Requisition Income	(2,664,461)	0	(2,664,461)	(2,664,460)	(1)
Capital Contribution	(30,475)	30,475	0	0	0
Grant Income	(93,760)	0	(93,760)	0	(93,760)
Rental Income	(1,800)	0	(1,800)	(1,800)	0
Sales, Fees & Charges	(3,265)	0	(3,265)	(4,000)	735
<b>Total Income</b>	<b>(2,793,761)</b>	<b>30,475</b>	<b>(2,763,286)</b>	<b>(2,670,260)</b>	<b>(93,026)</b>
<b>(Surplus)/Deficit for the year</b>	<b>463,040</b>	<b>(342,238)</b>	<b>120,802</b>	<b>267,766</b>	<b>(146,964)</b>

The main budget variances are showing below:-

	<b>Variance £</b>	<b>Comments</b>
Property	18,462	This underspend is mainly due to lower than anticipated expenditure on rates, energy and accommodation costs.
Supplies & Services	49,330	This underspend is across a number of headings (such as machine lease, computer licences, telephones, printing & stationery).
Income	93,760	The Cabinet Office advised at the end of financial year 2015/16 that funding would be made available in 2016/17 under the Modernising Electoral Registration Programme, and would continue to be made available, on a reducing basis, "for the period of this Parliament". In 2016/17 the Board received £93,760 in grant funding with the option to submit a Justification Led Bid if that proved to be insufficient to cover the additional costs of IER.



### **3.2 BEST VALUE (Cont'd)**

#### **Financial Performance (Cont'd)**

##### **Balance Sheet**

The balance sheet is shown on page 33 and features an assessed pension fund liability of £7.254m based on the valuation of the fund at 31 March 2017. This results in the Board's Balance Sheet showing a net liabilities position. Further information on the pension fund is provided in note 4 on pages 44 to 47 and the valuation states that assets held at the valuation date were sufficient to cover only 74% of the accrued liabilities. It is considered appropriate that the Annual Accounts should follow a 'going concern' basis of accounting. Statutory arrangements with the constituent local authorities mean that the financial position of the Board remains assured.

From April 2016, arising from changes in pension's legislation, the payments that the Joint Board makes in respect of Employer's National Insurance contributions will increase. These changes, which are beyond the control of the officers of the Joint Board, make it all the more challenging to close the year-on-year budget gaps which have been projected. The issue must be dealt with, however, and addressing the budgetary shortfall, against a background of a generally tightening budgetary position, will need to form a major focus for the both the Officers and Members of the Joint Board during 2017/18.

The pension scheme net liability has increased by £3.018m as advised by the appointed actuaries, and this is mainly as a result of the movement in the discount rate. 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.

##### **General Reserves**

At their Board meeting on the 16 November 2012, the Board approved a Balance and Reserves Policy. The Board's Prudential Reserves Policy is to retain a prudential target of 2% of net expenditure i.e. constituent authority requisition level (16/17 £53,289) or £100,000, whichever is higher.

Funds held in excess of the prudential target can be spent or earmarked at the discretion of Board Members on behalf of the constituent authorities.

As at 31 March 2017 the Board held total usable reserves of £509,614 (of which £16,993 relates to unapplied capital reserves) with the remaining balance comprising revenue reserves of £492,621. A proportion of this is identified as an earmarked balance (£80,824) and once this has been accounted for leaves £411,797 of general reserves for future use (including £100,000 prudential reserve above).

The Joint Board recognises the difficult financial climate facing public services and has continued to seek efficiencies where possible. This allowed the Board to maintain requisition levels in 2016/17 at 2015/16 levels. The level of requisition for 2017/18 was reduced by 2% and as a result planned draws on the reserves, together with service delivery efficiencies, will be required to ensure that a balanced budget is delivered for 2017/18. Given the forecast reduction in funding for local government into the future it is anticipated that levels of funding may be challenging going forward into 2018/19 and beyond and management have commenced planning for this to ensure ongoing service delivery reflecting the increasing workload to the Board.

##### **Provisions and Contingencies**

The Joint Board is not aware of any eventualities which may have a material effect on the financial position of the Joint Board, and has made no provisions for such eventualities.

##### **Service Changes and Future Developments**

There were no changes to the statutory functions the Board undertakes.

### **3.2 BEST VALUE (Cont'd)**

#### **Group Annual Accounts**

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 Annual Accounts.

#### **Risk Management**

The Joint Board’s Risk Registers and Action Plan are revised annually. Inclusions in the Board Risk Register during the year were:-

- The potential for the Joint Board or its statutory officials to fail to meet their respective statutory duties
- The financial and service performance risks associated with static or reduced funding levels.
- The potential for the Board to cease to exist in its current form arising from the Barclay Review, potential changes to Council Tax legislation or any combination of these factors.
- The imminent loss of the file storage facility at Witchburn Road, Campbeltown.
- The dependency of the Joint Board on ICT for delivery of its statutory functions and service delivery.

Notably, the exceptional rate of change in Electoral Registration in recent years has reduced for the foreseeable future resulting in the risks arising from such change being removed from the Board Risk Register.

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

### **3.3 EQUALITIES**

The Joint Board’s Management Team is committed to ensuring equality in all that it does.

Arising from the Specific Duties which were established by the Scottish Government subsequent to The Equality Act 2010, the Joint Board established that its stated Equality ‘Outcomes’ are as follows:-

- We are seen as an inclusive equal opportunities employer where all staff feel valued and respected; and
- Our Services meet the needs of, and are accessible to, all members of our community and our staff treat all service users, clients and colleagues with dignity and respect.

In April 2017 we published a report which details the number of staff who identified themselves as having a disability which increased significantly since the base line survey, thereby indicating progress against the first stated Outcome.

As indicated above, our Customer Satisfaction results are inconclusive in respect of service provision across the protected characteristics in 2016/17. Looking at results over a longer period, however, indicates that we are providing fair and equitable services to all parts of our communities.

The report also includes analysis of various staffing related matters across the equalities strands.

### **3.4 STAFFING MATTERS**

#### **Development and Training**

The Board's Staff Development and Training procedures provide for a structured and strategic provision of training and development opportunities for all members of staff. Each employee 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 2016/17 training was provided through externally sourced courses, in-house training events and e-learning facilities in a range of subjects including various aspects of Electoral Registration, First Aid, Door-to-door canvass procedures, Procurement, Change Management, Non-Domestic Rating Case Law, Equalities Reporting and Data Protection. A 'Core' training programme has been established and this requires staff to complete refresher training in various topics. Issues have arisen, however, in respect of access to the e-learning facility through which this training is delivered and efforts are on-going to resolve these.

Formal external training is ongoing for two Trainee Valuers and one Trainee Technician.

#### **Personnel Policies**

During the year, and in line with the approach in West Dunbartonshire Council, the Board also approved a Bereavement Leave Scheme and an Enhanced Leave Scheme, both of which will provide employees with options to enable them to better manage their work/life balance.

#### **Voluntary Early Retirement and Voluntary Severance**

In June 2016, and in recognition of the funding gaps being projected in the Board's indicative budgets, the Joint Board agreed that the Assessor should undertake an exercise to identify employees who may be interested in Voluntary Early Retirement/Severance (VER/S) on similar terms to those prevailing in West Dunbartonshire Council.

Following due process which involved a review of staffing structures and consultation with both staff and their representatives, 2 employees retired early and 2 left under voluntary severance terms. These changes which were achieved at a one-off cost of £136,057 provide salary and on-cost savings of approx. £137,376 in 2017/18, £138,715 in 2018/19 and £140,070 in 2019/20.

### **3.5 FREEDOM OF INFORMATION**

The Joint Board's 'Guide to Information' was updated and maintained as required with relevant documents available from <http://www.dab-vjb.gov.uk/freedom-of-information/>.

A 'business as usual' approach has been taken to the majority of requests for information received, but in the calendar year to December 2016, 17 requests which specifically referred to the Freedom of Information Act were received.

Eight requests received related to Electoral Registration, a function which is not currently covered under the FoI legislation. However, in the spirit of applying best practice, these requests were responded to as if they had been covered by the legislation. Nine requests related to Valuation and in the vast majority of cases the information requested was supplied in full.

All requests were answered within the statutory timescales with the average response time being just over 8 days. There were no requests for Reviews. Dealing with requests took in excess of 42 hours of staff time and no fees were charged.

We now provide quarterly reports on requests received and their outcomes to the Information Commissioner.

### **3.6 PARTNERSHIPS**

The Valuation Joint Board is actively involved in several partnerships with one of the most significant of these being the senior 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 Groups, which report to regular plenary sessions that are attended by representatives from all Assessors' offices.

Valuation Joint Board staff are represented in the Association in all 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. The co-operation and co-ordination of the Association is of critical importance in the completion, and defence, of a Revaluation.

During 2016/17 the Association was involved in consultations relating to legislation in all three main areas of function and made submissions to the Barclay review of non-domestic rates. The Association liaised regularly with the Scottish Government in relation to delivery of the 2017 Revaluation and stakeholder engagement across the rate paying community.

The SAA also continued to liaise 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.

The planning for, and provision of, Electoral Registration services is assisted by guidance received from the Electoral Commission and the Electoral Management Board of Scotland and by representation within the Association of Electoral Administrators. The Cabinet Office MERP team has also become an important stakeholder in respect of Electoral Registration.

The Valuation Joint Board obtains all of its 'back-office' functions including human resources, legal support, ICT support and financial services from West Dunbartonshire Council and the Service Level Agreement under which these are provided was revised in February 2017. I would like to extend my thanks to all relevant WDC officials including the Treasurer and Clerk to the Board and their staff.

### **3.7 RECORDS MANAGEMENT**

The Public Records (Scotland) Act 2011 came fully into force in January 2013. The Act requires public authorities to prepare and implement a Records Management Plan (RMP). The RMP sets out proper arrangements for the management of records within the Board.

In February 2016 the Keeper of the Records approved the Joint Board's RMP and agreed an improvement action plan which the Board has continued to implement throughout 2016/17.

### **3.8 RE-USE OF PUBLIC SECTOR INFORMATION**

The Re-use of Public Sector Information Regulations 2015 provide a public right to re-use information that public sector bodies must produce, hold, collect or disseminate within their 'public task'.

Whilst the posts of Assessor & ERO are not public sector bodies for the purposes of the Regulations, it is clear that Valuation Joint Boards are covered by them. The Board therefore approved:

- An Information Asset List for general publication
- A Procedure for requesting re-use of public information, including a Complaints Procedure for dealing with any concerns in respect of the way requests for re-use have been handled by the Joint Board.

To date, no requests for re-use have been received by the Joint Board.

#### **4.0 CONCLUSION**

The major focus on the valuation side of our operations was the preparation for the 2017 Revaluation with all targets in relation to completing the Revaluation having been met. The public reaction to the Revaluation has been very mixed and it is likely that significant efforts will be required to review schemes of valuation and justify rateable values in the appeal process which lies ahead. The focus on the Revaluation, along with various other factors, had a direct impact on our performance in relation to maintenance work in respect of Valuation Rolls with performance levels down on recent years. A return to previous levels of performance will be a focus throughout 2017/18.

Maintenance of Council Tax Lists also continued throughout the year and performance levels were maintained at high levels in respect of this function.

After several years of turbulence in Electoral Registration, 2016/17 was one of relative normality. The canvass had an improved return, the electorate was up at publication and satisfactory registers were provided for the Scottish Parliamentary Election and the Referendum on EU membership.

During the year steps were taken to reduce the existing budget gap. These included a sweep for voluntary redundancies/early retirements and a revised approach to the door-to-door canvass which brought about significant savings. Gross expenditure in the financial year 2016/17 increased compared with 2015/16 and unbudgeted grant funding was received meaning that less of our reserve had to be used to meet the budget gap than had been planned.

I would like to take this opportunity to thank all staff and management for their endeavour, effort and co-operation throughout the year. I would wish to extend that gratitude to the staff within West Dunbartonshire Council who have supported the Joint Board in any way throughout the year.

My thanks are also due to the Joint Board and, in particular, the Convenor and Vice Convenor for their continued support.

<b>Signed:</b>	<u><b>David Thomson</b></u>	<b>Signed :</b>	<u><b>Stephen West</b></u>
	<b>Assessor and Electoral Registration Officer</b>		<b>Treasurer</b>
<b>Date:</b>	<u><b>27 September 2017</b></u>	<b>Date:</b>	<u><b>27 September 2017</b></u>

## 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 2014). These Regulations require various disclosures about the remuneration and pension benefits of the Board and senior employees. All information disclosed in the tables 1-5 of the Remuneration Report is due to be audited by Audit Scotland. The other sections have been reviewed by Audit Scotland to ensure that they are 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 regarded 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 the Scottish Joint National Council (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 as defined by the Regulations noted above, 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.

**Table 1 : Remuneration of Senior Employees**

Year ended 31 March 2017						2015/2016
	Gross Salary, Fees & Allowances £	Bonuses £	Taxable Expenses £	Non-cash expenses & benefits in-kind £	Total remuneration £	Total remuneration £
David Thomson Assessor & Electoral Registration Officer	95,832	0	0	0	95,832	95,114
Robert Nicol Depute Assessor	76,707	0	0	0	76,707	76,090

### Notes

1. The term *senior employee* means any Board employee:

- 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; or
- 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
- Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

## 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.

Table 2 : Remuneration Bands		Number of Employees	
£		2016/2017	2015/2016
50,000 - 54,999		2	3
70,000 - 74,999		0	1
75,000 - 79,999		1	0
85,000 - 89,999		1	0
90,000 - 94,999		0	1
95,000 - 99,999		1	0
<b>Total</b>		<b>5</b>	<b>5</b>

### 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

Table 3 : In-year pension contributions (employers)

	For year to 31 March 2017 £	For year to 31 March 2016 £
David Thomson	17,108	18,108
Robert Nicol	13,686	14,486

Table 4 : Accrued Pension Benefits

	Accrued pension benefits – pension		Accrued pension benefits – lump sum	
	For year to 31 March 2017 £	For year to 31 March 2016 £	For year to 31 March 2017 £	For year to 31 March 2016 £
David Thomson	41,285	38,944	83,656	82,827
Robert Nicol	25,444	23,646	44,184	43,746

## 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 £20,500 5.50%; above £20,500 and up to £25,000 7.25%; above £25,000 and up to £34,400 8.50%; above £34,400 and up to £45,800 9.50%; and above £45,800 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.

**Table 5 : Exit Packages**

Banding	Number of compulsory packages		Number of other departures		Total Number		Total cost	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
£0 - £20,000	0	0	2	0	2	0	13,473	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	1	0	1	0	45,045	0
£60,001 - £80,000	0	0	1	0	1	0	77,539	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>136,057</b>	<b>0</b>

The total cost of £136,057 for 2016/17 exit packages has been agreed and charged to the Board's Comprehensive Income and Expenditure Statement.

<b>Signed:</b>	<u>David Thomson</u> Assessor and Electoral Registration Officer	<b>Signed :</b>	<u>Stephen West</u> Treasurer
<b>Date:</b>	<u>27 September 2017</u>	<b>Date:</b>	<u>27 September 2017</u>



## **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.

I can confirm that the Draft Annual Accounts were approved for signature by the Board at its meeting on 23 June 2017.

Signed on behalf of Dunbartonshire and Argyll & Bute Valuation Joint Board

David Thomson  
Assessor and Electoral Registration Officer  
Date: 27 September 2017

### **The Treasurer's Responsibilities:**

The Treasurer is responsible for the preparation of the Authority's Annual Accounts 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 the Statements of Accounts, 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.

I certify that the Draft Annual Accounts give a true and fair view of the financial position of the Board at the reporting date and the transactions of Board for the year ended 31 March 2017.

Stephen West  
Treasurer  
Date: 27 September 2017

## **ANNUAL GOVERNANCE STATEMENT**

The Annual Governance Statement is included within the Annual Accounts to assure stakeholders on how the Board directs and controls its functions and how it relates to communities which will enhance transparency and scrutiny of the Board's activities.

### **Scope of Responsibility**

Dunbartonshire and Argyll & Bute Valuation Joint Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Board also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging this overall responsibility, elected members and senior officers are responsible for implementing effective arrangements for governing the Board's affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Board has approved and adopted a Code of Corporate Governance (the Code), and also relies on the governance arrangements of West Dunbartonshire Council which are consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework:

The above code explains how Dunbartonshire and Argyll & Bute Valuation Joint Board delivers good governance and reviews the effectiveness of these arrangements on an annual basis.

Delivering Good Governance in Local Government Framework, published by CIPFA in association with Solace in 2007, set the standard for local authority governance in the UK. This was reviewed and replacement framework was issued in 2016: Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) to apply to annual governance statements prepared for the financial year 2016/17 onwards.

West Dunbartonshire Council has recently approved and adopted a revised Local Code of Corporate Governance (the Local Code), which is consistent with the principles of the new framework and is available from the Council website at:

<http://www.west-dunbarton.gov.uk/media/4312582/wdc-local.code.pdf>.

While the Delivering Good Governance in Local Government: Framework is written in a local authority context, most of the principles are applicable to the Joint Board.

The Boards Management Team has not yet developed a Local Code of Good Governance for the Joint Board and will provide this during 2017/18. In the meantime, the 2016/17 governance statement has continued to follow the existing Board Code of Governance. Assuming the new Code of Governance is approved by the Board, the Management Team review on the effectiveness of the sources of assurance will be carried out and reported to the Board in time for the 2017/18 Governance Statement.

The Board has also put in place a system of internal financial control designed to manage risk to a reasonable level. Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal financial control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the board's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

## **ANNUAL GOVERNANCE STATEMENT (Cont'd)**

### **The Board's Governance Framework**

The governance framework comprises the systems and processes, and culture and values, by which the Board is directed and controlled. It also describes the way it engages with, accounts to its stakeholders.

Within the overall control arrangements the system of internal control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

The overall control arrangements include:

- 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.

### **Review of Effectiveness**

The Joint Board has a responsibility for ensuring the continuing effectiveness of its governance framework and its system of internal financial control. West Dunbartonshire Council's Audit and Risk Manager produces an annual audit plan based on a risk assessment of the Council's and Valuation Joint Board's systems and processes. The audit plan is approved by the Audit & Performance Review Committee of the Council. This Committee meets regularly and receives reports from the Audit and Risk Manager. The Joint Board's external auditors also attend. The Audit and Risk Manager 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 Public Sector Internal Audit Standards (PSIAS). The Audit and Risk Manager meets regularly with chief internal auditors of other authorities and staff within the Internal Audit Service 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 undertaken by West Dunbartonshire Council's Internal Auditors during the year to 31 March 2017;
- the assessment of risk completed during reviews of the strategic audit plan;
- reports issued by the Valuation Joint Board's External Auditors and other review bodies; and
- knowledge of the Valuation Joint Board's governance, risk management and performance monitoring arrangements.

Through West Dunbartonshire Council, the Board's financial management arrangements conform with the governance requirements of the CIPFA Statement on The Role of Chief Financial Officer in Local Government 2010.

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. This is corroborated by an Annual Assurance Statement prepared by the Audit and Risk Manager stating that reasonable assurance can be placed upon the adequacy and effectiveness of the Joint Board's internal control system in the year to 31 March 2017.

## ANNUAL GOVERNANCE STATEMENT (Cont'd)

### Performance Management

Examples of developments which have led to significant improvement in arrangements for control, governance or risk management within the Joint Board during 2016/17 include:

- A review of the Board's Comments and Complaints handling process, procedures and reporting system was carried out and the changes are ready for implementation in April 2017. This should permit better reporting of complaints outcomes and corporate learning from the Complaints system.
- A Review of the internal Budget Reporting Process was completed, including the implementation of a consistent approach to materiality/variance reporting. The revised reporting format allows improved reporting of corrective actions proposed and/or taken and increases the transparency and accountability in financial management.
- A Procurement Policy which complies with statute and aligns with West Dunbartonshire Council's procedures was developed, approved and implemented. A Contracts List is now published and maintained. In line with this, the Joint Board's Standing Orders and Financial Regulations were updated to reflect the new procedures. Together these improve the transparency and accountability of the procurement journey and provide clear frameworks within which officers must operate.
- A review of staffing structures and a sweep for expressions of interest in Voluntary Early Retirement/Voluntary Severance resulted in savings which reduce existing budget gaps and reduce financial risk into the future.
- Data Sharing Agreements, which are in line with Data Protection Act requirements and the Information Commissioner's good practice guidance were developed and implemented with a number of relevant stakeholders.
- The approach to the annual electoral door-to-door canvass was reviewed resulting in the costs of the canvass being significantly reduced without detriment to the canvass return rates and effectiveness.

The following areas were identified by the Assessor for further improvements in 2017/18:-

- The connectivity to the Joint Board's Campbeltown office will be improved by migrating to fibre optic communications cabling. This should improve the capability and reliability of our ICT systems. This work was originally planned for 2016/17 but issues with contractors resulted in delays.
- Following a full review of our contingency and disaster recover requirements in relation to the electoral registration service, a new disaster recovery server will be installed and procedures for recovery from failure will be implemented.
- The on-going migration of shared files to a regulated shared drive, with naming and security protocols in place, will improve our Records Management procedures in accordance with Improvement Plan previously agreed with The Keeper
- A full review of our Data Protection policy, processes, procedures and responsibilities will be undertaken during 2017/18 to ensure compliance when the new General Data Protection Regulation comes into force in May 2018.

### Assurance

On the basis of the assurance provided, we consider the governance and internal control environment operating during 2016/17 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

Signed: David Thomson  
Assessor and Electoral Registration  
Officer

Signed : Stephen West  
Treasurer

Date: 27 September 2017

Date: 27 September 2017

## **INTRODUCTION TO ANNUAL ACCOUNTS**

The Annual Accounts comprise the following primary statements:

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

### **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.

### **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.

### **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.

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2015/16 Gross Expenditure £	2015/16 Gross Income £	2015/16 Net Expenditure £		Notes	2016/17 Gross Expenditure £	2016/17 Gross Income £	2016/17 Net Expenditure £
0	(27,823)	(27,823)	<b>Income</b>				
			Customer Receipts		0	(5,065)	(5,065)
			<b>Expenditure</b>				
2,422,830	0	2,422,830	Employee Costs	2	2,413,717	0	2,413,717
104,374	0	104,374	Property Costs		117,716	0	117,716
45,644	0	45,644	Transport Costs		43,881	0	43,881
289,493	0	289,493	Supplies & Services		244,726	0	244,726
32,503	0	32,503	Payment to Other Bodies		34,924	0	34,924
133,334	0	133,334	Support Services		130,667	0	130,667
20,722	0	20,722	Depreciation, Amortisation & Impairment	6/7	121,238	0	121,238
<b>3,048,900</b>	<b>(27,823)</b>	<b>3,021,077</b>	<b>Net Cost of Service</b>		<b>3,106,869</b>	<b>(5,065)</b>	<b>3,101,804</b>
		(2,664,460)	Revenue Contributions	15			(2,664,461)
		(139,809)	Government Grants	16			(93,760)
		0	Capital Contributions				(30,475)
		<b>(2,804,269)</b>	<b>Other Operating Income</b>				<b>(2,788,696)</b>
		<b>216,808</b>	<b>Net Operating Expenditure</b>				<b>313,108</b>
		370	Interest Payable				0
		0	Interest Earned				(68)
		199,000	Net Interest on the net defined benefit liability/(assets)	4			150,000
		<b>199,370</b>	<b>Finance and Investment Income and Expenditure</b>				<b>149,932</b>
		<b>416,178</b>	<b>(Surplus)/Deficit on provision of services</b>				<b>463,040</b>
		(2,283,000)	Remeasurement of the net defined benefit liability/(assets)	4			2,756,000
		0	(Surplus)/Deficit arising on the revaluation of Property, Plant and Equipment				559
		<b>(2,283,000)</b>	<b>Other comprehensive Income &amp; Expenditure</b>				<b>2,756,559</b>
		<b>(1,866,822)</b>	<b>Total Comprehensive Expenditure</b>				<b>3,219,599</b>

# MOVEMENT IN RESERVES STATEMENT

**2016/17**

	Usable Reserves		Unusable Reserves				Total Reserves £
	Fund Balance £	Capital Requisition Unapplied Account £	Capital Adjustment Account £	Revaluation Reserve £	Pension Reserve £	Statutory Mitigation Account £	
<b>Opening Balance as at 1 April 2016</b>	<b>613,423</b>	<b>19,993</b>	<b>717,356</b>	<b>34,802</b>	<b>(4,236,000)</b>	<b>(26,554)</b>	<b>(2,876,980)</b>
<b>Movements in Reserves</b>							
Surplus or (Deficit) on provision of Services	(463,040)	0	0	0	0	0	(463,040)
Other Comprehensive Income and Expenditure		0	0	(559)	(2,756,000)	0	<b>(2,756,559)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(463,040)</b>	<b>0</b>	<b>0</b>	<b>(559)</b>	<b>(2,756,000)</b>	<b>0</b>	<b>(3,219,599)</b>
<b>Adjustments between accounting basis &amp; funding basis</b>							
Depreciation/ Impairment	121,238	0	(121,238)	0	0	0	<b>0</b>
Pension Scheme Adjustment	262,000	0	0	0	(262,000)	0	<b>0</b>
Adjustment between CAA and Revaluation Reserve for Depreciation that is related to Revaluation Balance rather than Historic Cost	0	0	(840)	840	0	0	<b>0</b>
Net Transfer to or from earmarked reserves required by legislation	(10,525)	0	0	0	0	10,525	<b>0</b>
Capital requisitions applied to fund capital expenditure	(30,475)	0	30,475	0	0	0	<b>0</b>
Capital requisitions unapplied adjustments between accounting basis and funding basis under regulations		(3,000)	3,000	0	0	0	<b>0</b>
<b>Total Statutory Adjustments</b>	<b>342,238</b>	<b>(3,000)</b>	<b>(88,603)</b>	<b>840</b>	<b>(262,000)</b>	<b>10,525</b>	<b>0</b>
<b>Increase/Decrease in Year</b>	<b>(120,802)</b>	<b>(3,000)</b>	<b>(88,603)</b>	<b>281</b>	<b>(3,018,000)</b>	<b>10,525</b>	<b>(3,219,599)</b>
<b>Balance at 31 March 2017</b>	<b>492,621</b>	<b>16,993</b>	<b>628,753</b>	<b>35,083</b>	<b>(7,254,000)</b>	<b>(16,029)</b>	<b>(6,096,579)</b>
<b>Total Usable</b>		<b>509,614</b>	<b>Total Unusable</b>		<b>(6,606,193)</b>		

# MOVEMENT IN RESERVES STATEMENT

**2015/16**

	Usable Reserves		Unusable Reserves				Total Reserves £
	Fund Balance £	Capital Requisition Unapplied Account £	Capital Adjustment Account £	Revaluation Reserve £	Pension Reserve £	Statutory Mitigation Account £	
<b>Opening Balance as at 1 April 2015</b>	<b>596,343</b>	<b>50,550</b>	<b>707,521</b>	<b>34,802</b>	<b>(6,115,000)</b>	<b>(18,018)</b>	<b>(4,743,802)</b>
<b>Movements in Reserves</b>							
Surplus or (Deficit) on provision of Services	(416,178)	0	0	0	0	0	<b>(416,178)</b>
Other Comprehensive Income and Expenditure	0	0	0	0	2,283,000	0	<b>2,283,000</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(416,178)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,283,000</b>	<b>0</b>	<b>1,866,822</b>
<b>Adjustments between accounting basis &amp; funding basis</b>							
Depreciation/ Impairment	20,722	0	(20,722)	0	0	0	<b>0</b>
Pension Scheme Adjustment	404,000	0	0	0	(404,000)	0	<b>0</b>
Net Transfer to or from earmarked reserves required by legislation	8,536	0	0	0	0	(8,536)	<b>0</b>
Capital requisitions applied to fund capital expenditure	0	(30,557)	30,557	0	0	0	<b>0</b>
<b>Total Statutory Adjustments</b>	<b>433,258</b>	<b>(30,557)</b>	<b>9,835</b>	<b>0</b>	<b>(404,000)</b>	<b>(8,536)</b>	<b>0</b>
<b>Increase/Decrease in Year</b>	<b>17,080</b>	<b>(30,557)</b>	<b>9,835</b>	<b>0</b>	<b>1,879,000</b>	<b>(8,536)</b>	<b>1,866,822</b>
<b>Balance at 31 March 2016</b>	<b>613,423</b>	<b>19,993</b>	<b>717,356</b>	<b>34,802</b>	<b>(4,236,000)</b>	<b>(26,554)</b>	<b>(2,876,980)</b>
<b>Total Usable</b>		<b>633,416</b>	<b>Total Unusable</b>			<b>(3,510,396)</b>	



# **BALANCE SHEET AS AT 31 MARCH 2017**

<b>31 March 2016</b>			<b>31 March 2017</b>
<b>£</b>	<b>Notes</b>		<b>£</b>
745,296	6	Property, plant and equipment	658,646
7,196	7	Intangible Assets	5,523
<b>752,492</b>		<b>Total Long Term Assets</b>	<b>664,169</b>
726,308	8	Short Term Debtors	593,013
400	9	Cash and Cash Equivalents	400
<b>726,708</b>		<b>Current Assets</b>	<b>593,413</b>
(120,180)	10	Short Term Creditors	(100,161)
<b>(120,180)</b>		<b>Current Liabilities</b>	<b>(100,161)</b>
(4,236,000)	4	Net Pensions Liability	(7,254,000)
<b>(4,236,000)</b>		<b>Long Term Liabilities</b>	<b>(7,254,000)</b>
<b>(2,876,980)</b>		<b>Net Assets/(Liabilities)</b>	<b>(6,096,579)</b>
<b>Represented by:</b>			
633,416	11/12	Usable Reserves	509,614
(3,510,396)	13	Unusable Reserves	(6,606,193)
<b>(2,876,980)</b>		<b>Total Reserves</b>	<b>(6,096,579)</b>

The unaudited Financial Statements were issued on 23 June 2017 and the audited Annual Accounts were authorised for issue on 27 September 2017.

**Treasurer**  
**27 September 2017**

## CASH FLOW STATEMENT

2015/16 £	Notes		2016/17 £
		<b>Operating Activities</b>	
(2,804,269)		Grants	(2,758,221)
(27,823)		Sale of goods and rendering of services	(5,065)
<u>(2,832,092)</u>		Cash Inflows from Operating Activities	<u>(2,763,286)</u>
2,198,971		Cash paid to and on behalf of employees	2,321,735
602,194		Other payments for operating activities	438,619
<u>2,801,165</u>		Cash Outflows from Operating Activities	<u>2,760,354</u>
<u><b>(30,927)</b></u>		Net Cash Flows from Operating Activities	<u><b>(2,932)</b></u>
		<b>Investing Activities</b>	
30,557		Purchase of Assets	33,475
0		Other receipts from investing activities	(30,475)
<u><b>30,557</b></u>		Net Cash Flows from Investing Activities	<u><b>3,000</b></u>
		<b>Financing Activities</b>	
0		Interest Received	(68)
370		Interest Payable	0
<u><b>370</b></u>		Net Cash Flows from Financing Activities	<u><b>(68)</b></u>
<u><b>0</b></u>		Net (Increase)/Decrease in Cash and Cash Equivalents	<u><b>0</b></u>
400	9	Cash and cash equivalents at the beginning of the reporting period	400
(400)	9	Cash and cash equivalents at the end of the reporting period	(400)
<u><b>0</b></u>			<u><b>0</b></u>

## **NOTES TO THE ANNUAL ACCOUNTS**

### **Note 1 - Accounting Policies**

#### **1. General Principles**

The Annual Accounts summarise the Board's transactions for the 2016/17 financial year and its position at the year end of 31 March 2017. The Board is required to prepare Annual Accounts 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 2016/17 ("the Code") and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Annual Accounts 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.

## **Note 1 - Accounting Policies (Cont'd)**

### **4. Changes in Accounting policies, Estimates and Errors**

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors requires disclosure of information on the expected impact of new accounting standards that have been issued but are not yet effective. These have been reviewed and are not deemed to be significant for the financial statements.

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.

There has been a redistribution of costs within the CIES. The pension's interest cost within the Surplus or Deficit on the Provision of Services has increased with a corresponding reduction in actuarial (gains) or losses on pension assets and liabilities in Other Comprehensive Income and Expenditure. Essentially, the expected return on schemes assets that was credited to the Surplus or Deficit on the Provision of Services has been replaced with an equivalent figure using the discount rate.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years only.

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; and
- 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.

## **Note 1 - Accounting Policies (Cont'd)**

### **6. Intangible assets (Cont'd)**

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.

#### 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.

## **Note 1 - Accounting Policies (Cont'd)**

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

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

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.

## **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 services in 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 General Fund balance by a credit to the Statutory Mitigation 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 Statement when the authority 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 General 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 pension's 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 of 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 4.3% (based upon the indicative return rate on long dated high quality corporate bonds)
- All assets are at bid value and are split into Quoted Prices in Active Markets and Prices not quoted in Active Markets, they are now shown in the notes in more detail.
- Split by Equity Securities, Debt Securities, Private Equity, Real Estate, Investment Funds, Derivatives, Cash

## **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.
  - Net Interest expenses – the expected increase in the present value of liabilities during the year as they move one year closer, less the fair value of plan assets debited 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



## **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 Annual Accounts are authorised for issue. Two types have been identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect this;
- Those that are indicative of conditions that arose after the reporting period – the Annual Accounts are 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. 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 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.

### **11. 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.

#### **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.

## **Note 1 - Accounting Policies (Cont'd)**

### **11. Provisions, contingent liabilities and contingent assets (Cont'd)**

#### **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.

### **12. 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.

### **13. Reserves**

Reserves are created by appropriating amounts out of the General Reserve Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Reserve Balance in the Movement in Reserves Statement so that there is no net charge against requisition income for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits and these reserves do not represent usable resources for the Board.

## **Note 2 – Expenditure and Funding Analysis**

The analysis of income and expenditure on the face of the comprehensive income and expenditure statement is that specified by the Service Reporting Code of Practice. However decisions about resource allocation are taken by the Board on the basis of reports that are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the revaluation reserve and amortisations are charged to the Board in the comprehensive income and expenditure statement); and
- the cost of retirement benefits is based on cash flows (payments of employer's pensions contributions) rather than current service cost of benefits accrued in the year.

The difference between the employee costs figure and the figure reported in the Comprehensive Income & Expenditure Statement is due to accounting adjustments for pensions and holiday pay accrual as detailed in the table on page 43. These costs are year -end adjustments that are offset by corresponding transfers to the Balance Sheet and the Movement in Reserves Statement. None of the other rows within the Comprehensive Income & Expenditure Statement would be altered in the Expenditure and Funding Analysis and therefore have not been included in the table on page 43.

## Note 2 – Expenditure and Funding Analysis (Cont'd)

### Figures 2016/17

	Net Chargeable to the General Fund £	Adjustments between Funding and Accounting Basis £	Net Expenditure in the Comprehensive Income and Expenditure Statement £
Employee Costs	2,312,242	101,475	2,413,717
Depreciation	0	121,238	121,238
<b>Total</b>	<b>2,312,242</b>	<b>227,713</b>	<b>2,534,955</b>

### Comparative Figures 2015/16

	Net Chargeable to the General Fund £	Adjustments between Funding and Accounting Basis £	Net Expenditure in the Comprehensive Income and Expenditure Statement £
Employee Costs	2,209,294	213,536	2,422,830
Depreciation	0	20,722	20,722
<b>Total</b>	<b>2,209,294</b>	<b>234,258</b>	<b>2,443,552</b>

## Note 3 – Operating Leases

### Board as Lessor

The Board leases out property under operating leases to provide suitable affordable accommodation to West Dunbartonshire Council and Alpha Pets. During financial year 2015/16 West Dunbartonshire Council terminated their lease due to restructuring of services. Alpha Pets lease was due to end on the 14 April 2016; however the company and the Board have a tacit relocation agreement.

The future minimum lease payments in future years are:

31 March 2016 £		31 March 2017 £
20,300	Not later than one year	1,800
74	Later than one year and not later than five years	74
0	Later than five years	0
<b>20,374</b>		<b>1,874</b>

### **Note 3 – Operating Leases (Cont'd)**

#### **Board as Lessee**

The Board has acquired a number of photocopiers, scanner and letter openers by entering into operating leases.

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

<b>31 March 2016</b>		<b>31 March 2017</b>
£		£
4,373	Not later than one year	5,298
5,314	Later than one year and not later than five years	5,085
0	Later than five years	0
<b>9,687</b>		<b>10,383</b>

### **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 2016/17 is set at 19.3%, and 2015/16 was 19.3%. In 2016/17, the Board paid an employer's contribution of £0.299m (2015/16 £0.312m).

In addition, the Board is responsible for all pension payments relating to added years' benefits which it has awarded together with the related increases. Strain on the Fund costs are charged in year for any early retirements. During financial year 2016/17 the Board paid £136,057 in relation to Severance and Strain on the Fund Payments. (no payments made were made in 2015/16).

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.

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

2015/16 £000		2016/17 £000
	<b>Net cost of services</b>	
524	Current service cost	418
<b>524</b>		<b>418</b>
	<b>Financing and investment Income and Expenditure</b>	
199	Net Interest	150
<b>199</b>		<b>150</b>
	<b>Total post-employment benefit charged to the Surplus or Deficit on the provision of Services</b>	
<b>723</b>		<b>568</b>
96	Return on plan assets	(3,272)
	Actuarial gains and losses arising on changes in financial	
(2,202)	Assumptions	6,025
(177)	Actuarial gains and losses arising on experience assumptions	3
	<b>Total post-employment benefit charged to the comprehensive income and expenditure statement</b>	
<b>(1,560)</b>		<b>3,324</b>
	<b>Movement in Reserves Statement</b>	
(723)	Reversal of net charges made to surplus of deficit for post-employment benefits	(568)
	<b>Actual amount charged against the General Fund balance in the year</b>	
<b>319</b>	Employer contributions payable to Scheme	<b>306</b>

#### Pension Assets and Liabilities (Cont'd)

The underlying assets and liabilities for retirement benefits attributable to the Board as at 31 March 2017 are as follows:

	2016/17 £000	2015/16 £000
Fair value of plan assets	20,419	16,599
Present Value of defined benefit obligations	(27,494)	(20,678)
<b>Net (liabilities)/assets in the Strathclyde Pension Fund</b>	<b>(7,075)</b>	<b>(4,079)</b>
<u>Present Value of Unfunded Liabilities</u>	<u>(179)</u>	<u>(157)</u>
Pre Local Government Reorganisation		
<b>Net pension asset/(liability)</b>	<b>(7,254)</b>	<b>(4,236)</b>

For the Strathclyde Local Government Pension Scheme at 31 March 2017 the Board has a net liability £7,075,000 and for the unfunded liabilities a net liability of £179,000. The Board's net liability of £7,254,000 at 31 March 2017 reflects the future obligations to fund retirement benefits. This represents an increase in the net liability of £3,018,000 compared to the position at 31 March 2016.

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 23.2% as at 31/03/17, this is an increase from 2.6% as at 31/03/16.

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.

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

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

2015/16 £000		2016/17 £000
22,336	Opening balance	20,835
524	Current service cost	418
717	Interest cost	730
108	Contributions by Members	109
(2,202)	Actuarial gains/losses in financial assumptions	6,025
(177)	Other Experience	3
(7)	Estimated unfunded benefits paid	(7)
(464)	Estimated benefits paid	(440)
0	Changes in demographic assumptions	0
<b>20,835</b>		<b>27,673</b>

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

2015/16 £000		2016/17 £000
16,221	Opening balance	16,599
(96)	Expected return on assets	3,272
518	Interest Income	580
108	Contributions by Members	109
312	Contributions by employer	299
7	Contributions in respect of unfunded benefits	7
(7)	Estimated unfunded benefits paid	(7)
(464)	Estimated benefit paid	(440)
<b>16,599</b>		<b>20,419</b>

The Valuation Joint Board's share of the pension funds asset at 31 March 2017 comprised:

Asset Category	31 March 2017			31 March 2016		
	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Total £000	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Total £000
Equity Securities	7,494	4	7,498	6,039	13	6,052
Private Equity	0	1,684	1,684	0	1,615	1,615
Real Estate	0	2,463	2,463	0	1,783	1,783
Investment funds and unit trusts	237	7,766	8,003	150	6,423	6,573
Derivatives	(2)	3	1	4	0	4
Cash and Cash Equivalent	736	34	770	554	18	572
<b>Totals</b>	<b>8,465</b>	<b>11,954</b>	<b>20,419</b>	<b>6,747</b>	<b>9,852</b>	<b>16,599</b>

## Pension Assets and Liabilities (Cont'd)

### Asset and Liability Matching Strategy (ALM)

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching strategy (ALM) as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested into narrow a range. The Fund invests in equities, bonds, properties and in cash.

## Pension Assets and Liabilities (Cont'd)

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

31/03/2016		31/03/2017
2.6%	Expected rate of return	
2.2%	Inflation/pension increase rate	23.2%
4.2%	Salary increase rate	2.4%
3.5%	Discount rate	4.4%
		2.6%

### Mortality

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

	Males	Females
Current pensioners	22.1 years	23.6 years
Future Pensioners	24.8 years	26.2 years

### Sensitivity Analysis

The estimation of defined benefit obligation is sensitive to the actuarial assumptions. The sensitivity regarding the principal assumptions used to measure the schemes liabilities are set out below

	Approximate % increase to Employer Liability	Approximate monetary Amount (£000)
Rate for discounting fund liabilities (0.5% decrease )	5%	1,436
Rate of pension increase (0.5% increase)	6%	1,772

The total employee contributions expected to be made to the Local Government Pension Scheme for 2016/17 is £299,000.

### Note 5 – External Audit Costs

In 2016/17 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:

2015/16		2016/17
£		£
7,800	Fees payable for external audit services	7,000
<u>7,800</u>		<u>7,000</u>

## Note 6 – Property, Plant and Equipment

### Figures 2016/17

#### Cost or Valuation

	Land & Buildings £	Plant & Equipment £	Total £
As at 1 April 2016	916,743	133,891	1,050,634
Additions	25,000	8,474	33,474
Revaluation	(320,897)	0	(320,897)
As at 31 March 2017	620,846	142,365	763,211

#### Accumulated Depreciation and Impairment

As at 1 April 2016	(219,289)	(86,049)	(305,338)
Depreciation Written out	219,289	0	219,289
Depreciation Charge	(3,511)	(15,005)	(18,516)
As at 31 March 2017	(3,511)	(101,054)	(104,565)

Net Book Value at 31 March 2016	697,454	47,842	745,296
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Net Book Value at 31 March 2017	617,335	41,311	658,646
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### Comparative Figures 2015/16

	Land & Buildings £	Plant & Equipment £	Total £
As at 1 April 2015	916,743	105,855	1,022,598
Additions	0	28,036	28,036
As at 31 March 2016	916,743	133,891	1,050,634

#### Accumulated Depreciation and Impairment

As at 1 April 2015	(213,423)	(72,362)	(285,785)
Depreciation Charge	(5,866)	(13,687)	(19,553)
As at 31 March 2016	(219,289)	(86,049)	(305,338)

Net Book Value at 31 March 2015	703,320	33,493	736,813
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Net Book Value at 31 March 2016	697,454	47,842	745,296
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#### 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.



## 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:-

2015/16		2016/17
£	<b>Balance at start of year:</b>	£
5,843	Gross carrying amount	8,365
0	Accumulated amortisation	(1,169)
<b>5,843</b>	<b>Net carrying amount at start of year</b>	<b>7,196</b>
2,522	Additions	0
(1,169)	Amortisation for the period	(1,673)
<b>7,196</b>	<b>Net carrying amount at end of year</b>	<b>5,523</b>
	<b>Comprising:</b>	
8,365	Gross carrying amounts	8,365
(1,169)	Accumulated amortisation	(2,842)
<b>7,196</b>		<b>5,523</b>

## Note 8 – Debtors

2015/16		2016/17
£		
51,211	Central Government Bodies	64
3,969	Other Entities and Individuals	4,099
671,127	Other Local Authorities	588,850
<b>726,307</b>		<b>593,013</b>

## Note 9 – Cash and Cash Equivalents

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

2015/16		2016/17
£		£
400	Imprest	400
<b>400</b>		<b>400</b>

## Note 10 – Creditors

2015/16		2016/17
£		£
3,018	Central Government Bodies	3,635
105,096	Other Entities and Individuals	85,151
12,066	Other Local Authorities	11,375
<b>120,180</b>		<b>100,161</b>

## Note 11 – Balances & Reserves

At their Board meeting on the 16 November 2012, the Board approved a Balance and Reserves Policy. The table below details the movement on revenue reserves this year.

	£
<b>Opening Balance at 1 April 2016</b>	<b>613,423</b>
Gains/(Losses) on the fund	(120,802)
<b>Closing Balance at 31 March 2017</b>	<b>492,621</b>

The revenue reserves balance stands at £492,621 on 31 March 2017, of which £80,824 has been applied to balance the 2017/18 budget, leaving an unearmarked balance of £411,797.

## Note 12 – 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.

2015/16	2016/17
£	£
0 Contributions from Authorities	30,475
50,550 Unapplied Capital contributions b/forward	19,993
<b>Capital expenditure incurred during the year:</b>	
(8,809) Upgrade PC's	(3,241)
(21,748) Servers	(5,234)
0 Purchase of Building	(25,000)
<b>19,993 Unapplied Capital contributions c/forward</b>	<b>16,993</b>

## Note 13 – Unusable Reserves

31 March 2016	31 March 2017
£	£
717,356 Capital Adjustment Account	628,753
34,802 Revaluation Reserve	35,083
(4,236,000) Pension Reserve	(7,254,000)
(26,554) Statutory Mitigation Account	(16,029)
<b>(3,510,396) Total Unusable Reserves</b>	<b>(6,606,193)</b>

### 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.

## **Note 13 – Unusable Reserves (Cont'd)**

### **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.

### **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 Requisition Unapplied Account**

The capital requisition unapplied account represents capital contributions from the constituent authorities which have not yet been spent.

## **Note 14 – Contingent Assets & Liabilities**

The Board has not identified any Contingent Assets and Liabilities.

## **Note 15 – Contributions from Authorities**

<b>Revenue</b>		<b>Revenue</b>
<b>2015/16</b>		<b>2016/17</b>
<b>£</b>		<b>£</b>
1,281,605	Argyll & Bute Council	1,300,789
664,783	East Dunbartonshire Council	655,724
718,072	West Dunbartonshire Council	707,948
<b>2,664,460</b>		<b>2,664,461</b>

#### **Note 16 – Government Grants**

The Board received a total of £93,760 of government grants in 16/17 to continue with the delivery of Individual Electoral Registration.

<b>2015/16</b>		<b>2016/17</b>
<b>£</b>		<b>£</b>
126,134	Cabinet Office	93,760
13,675	Scottish Government	0
<b>139,809</b>		<b>93,760</b>

#### **Note 17 – Related Parties**

It is a requirement of the Code that material transactions with related parties (i.e organisations 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 paid by the local authorities to the Board are detailed in Note 15.

## **Independent auditor's report to the members of Dunbartonshire and Argyll & Bute Valuation Joint Board and the Accounts Commission**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of Dunbartonshire and Argyll & Bute Valuation Joint Board for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement and notes to the annual accounts. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of the body as at 31 March 2017 and of its deficit on the provision of services for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### **Basis of opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Responsibilities of the Treasurer for the financial statements**

As explained more fully in the Statement of Responsibilities, the Strategic Lead - Resources at West Dunbartonshire Council, as Treasurer, is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the body and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Other information in the annual accounts**

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Report on other requirements**

#### **Opinions on other prescribed matters**

I am required by the Accounts Commission to express an opinion on the following matters.

In my opinion, the auditable part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

- In my opinion, based on the work undertaken in the course of the audit the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government : Framework (2016)

**Matters on which I am required to report by exception**

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Carol Hislop  
Senior Audit Manager  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

27 September 2017





**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD**

Report by Treasurer

Valuation Joint Board: 27 September 2017

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**Subject: Audit Scotland's Annual Audit Report to Members and the Controller of Audit.**

**1. Purpose of Report**

- 1.1** The purpose of this report is to advise Members of Audit Scotland's Annual Audit Report to Members and the Controller of Audit 2016/17.

**2. Background**

- 2.1** Audit Scotland has finalised their audit of the Joint Board's 2016/2017 Annual Accounts.
- 2.2** The final version of the Annual 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** Audit Scotland is required to report to Members at the conclusion of their audit and their Annual Audit Report to Members and the Controller of Audit is appended.

**3. Main Issues**

- 3.1** Audit Scotland has confirmed that there are no key matters arising during the audit of the Annual Accounts.
- 3.2** This Annual Audit Report to Members and the Controller of Audit includes:
- (a) Key messages (page 4);
  - (b) Information on the audit of the financial statements (pages 7 to 9);
  - (c) Financial management and sustainability (pages 10 to 12);
  - (d) Governance and transparency (pages 16 to 18); and
  - (e) Best value (pages 19 and 21).
- 3.3** There were two recommendations identified in the report for further action which are highlighted in Appendix 1 - Action Plan on page 22 of the auditors report.

- 3.4 There were no material adjustments to the unaudited financial statements arising from the audit. There was one error of £3,283 identified which was above the audit reporting threshold. The impact of this adjustment was to increase net cost of service by this amount and decreased total usable reserves from £512,897 to £509,614.

#### **4. Conclusion and Recommendation**

- 4.1 Members are requested to consider the issues raised in this report and the attached report from the Board's external auditors.

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**Stephen West**

**Treasurer**

**Date: 15 September 2017**

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**Person to Contact:** Gillian McNeilly, Finance Manager  
West Dunbartonshire Council  
Telephone (01389) 737194  
E-mail: [gillian.mcneilly@west-dunbarton.gov.uk](mailto:gillian.mcneilly@west-dunbarton.gov.uk)

**Appendix:** Audit Scotland's Annual Audit Report to Members and the Controller of Audit (September 2017).

ISA260 Covering Letter.

# Dunbartonshire and Argyll & Bute Valuation Joint Board

**Proposed 2016/17 Annual Audit Report**

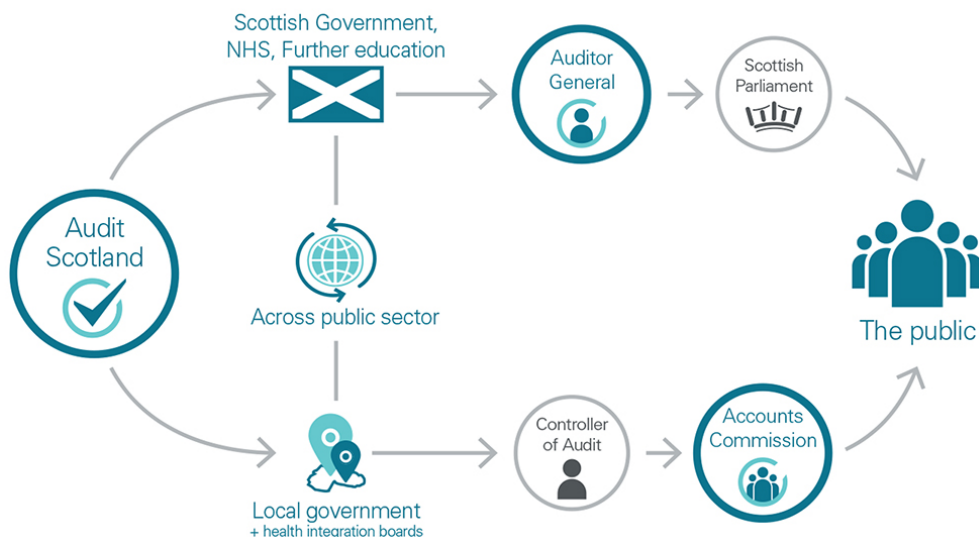


To Members of the Dunbartonshire and Argyll & Bute Valuation Joint Board and the Controller of Audit  
27 September 2017

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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# Key messages

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## Audit of the 2016/17 annual accounts

- 1 The financial statements of Dunbartonshire and Argyll & Bute Valuation Joint Board (DABVJB) for 2016/17 give a true and fair view of the state of its affairs and of its net expenditure for the year.
- 2 We have issued an unqualified independent auditor's report on the Annual Accounts for 2016/17.

## Financial management

- 3 A deficit of £268,000 was expected for the year but the actual deficit was lower at £121,000. There is an increasing trend in deficits since 2014/15 from £49,000 to the current position.
- 4 A government grant under the Modernising Electoral Registration Programme accounted for £94,000 of the difference between budget and actual in 2016/17.

## Financial sustainability

- 5 The Joint Board's financial position has been managed through the use of reserves. However, declining reserves, rising demands and increasing costs will continue to put a strain on the Joint Board's capacity to deliver the current level of service.
- 6 The level of usable reserves is forecast to fall by the end of 2017/18. It is recommended that the balance held in reserves continues to be reviewed to ensure there are sufficient funds to address ongoing demand on services.

## Governance and transparency

- 7 The Joint Board has effective governance arrangements in place to support the scrutiny of decision making. However, development of a Local Code of Good Governance is required.
- 8 The Joint Board is open and transparent in the way it conducts its business; the public can attend meetings and access agendas and meeting papers on the Board's website - <http://www.dab-vjb.gov.uk>.

## Value for money

- 9 While we note that performance improved from 2015/16 in respect of the Council Tax Valuation List for domestic properties, with targets being exceeded, it has deteriorated since 2015/16 in respect of the maintenance of the Valuation Roll for non-domestic properties with the 2017 revaluation exercise highlighted as a contributing factor.

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# Introduction

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**1.** This report is a summary of the findings arising from the 2016/17 audit of Dunbartonshire and Argyll & Bute Valuation Joint Board (DABVJB).

**2.** The scope of the audit was set out in our Annual Audit Plan presented to the February 2017 meeting of the Joint Board. This report comprises:

- an audit of the annual report and accounts
- consideration of the four dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 1](#).

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## Exhibit 1 Audit dimensions



Source: Code of Audit Practice 2016

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**3.** The main elements of our audit work in 2016/17 have been:

- an interim audit of West Dunbartonshire Council's main financial systems and governance arrangements which are used by DABVJB
- an audit of DABVJB's 2016/17 annual report and accounts including the issue of an independent auditor's report setting out our opinions.

**4.** DABVJB is responsible for preparing the annual report and accounts that show a true and fair view in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It is also responsible for establishing effective governance arrangements and ensuring financial management is effective.

**5.**Our responsibilities as independent auditor are established by the Local Government in Scotland Act 1973 and the [Code of Audit Practice 2016](#) guided by the auditing profession's ethical guidance.

**6.**As public sector auditors we provide an independent auditor's report on the annual report and accounts. We also review and report on the arrangements within DABVJB to manage its performance and use of resources such as money, staff and assets. Additionally, we consider DABVJB's best value arrangements. In doing this, we aim to support improvement and accountability.

**7.**Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).

**8.**This report raises matters from the audit of the annual report and accounts, risks or control weaknesses. Communicating these does not absolve management from its responsibility to address the issues we raise, and to maintain adequate systems of control.

**9.**Our Annual Audit Report contains an action plan at [Appendix 1 \(page 22\)](#). It sets out specific recommendations, responsible officers and dates for implementation.

**10.**As part of the requirement to provide fair and full disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2016/17 audit fee for the audit was set out in our Annual Audit Plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

**11.**This report is addressed to both the Joint Board and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

**12.**We would like to thank all management and staff who have been involved in our work for their co-operational and assistance during the audit.



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# Part 1

## Audit of 2016/17 annual report and accounts

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### Main judgements

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**The financial statements of joint board for 2016/17 give a true and fair view of the state of its affairs and of its net expenditure for the year.**

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**We have issued an unqualified independent auditor's report on the Annual Accounts for 2016/17.**

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### Unqualified audit opinions

**13.** The annual report and accounts for the year ended 31 March 2017 were approved by the Joint Board on 27 September 2017. We reported, within our independent auditor's report:

- an unqualified opinion on the financial statements
- unqualified opinions on the management commentary, remuneration report and annual governance statement.

**14.** Additionally, we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

### Submission of DABVJB's annual report and accounts for audit

**15.** We received the unaudited annual report and accounts on 23 May, which was earlier than the audit timetable set out in our 2016/17 Annual Audit Plan.

**16.** The working papers provided with the unaudited report and accounts were of a good standard and finance staff provided good support to the audit team during the audit. This helped ensure that the final accounts process ran smoothly.

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The Joint Board's annual report and accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of its resources.

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### Risk of material misstatement

**17.** [Appendix 2](#) provides a description of those assessed risks of material misstatement that were identified during the planning process which had the greatest effect on the overall audit strategy, the allocation of resources to the audit and directing the efforts of the audit team. Also, included within the appendix are wider audit dimension risks, how we addressed these and our conclusions.

### Materiality

**18.** Materiality defines the maximum error that we are prepared to accept and still conclude that our audit objective has been achieved (i.e. true and fair view). The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement.

19. Our assessment of materiality for the annual report and accounts is summarised in [Exhibit 2 \(page 8\)](#). Specifically, with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

20. On receipt of the annual report and accounts we reviewed our original materiality calculations and amended them slightly to reflect the 2016/17 financial statement values.

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## Exhibit 2

### Materiality values

Materiality level	Amount
<b>Overall materiality</b> – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It was set at 1% of gross expenditure for the year ended 31 March 2017.	£31,000
<b>Performance materiality</b> – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 80% of overall materiality.	£24,800
<b>Reporting threshold (i.e. clearly trivial)</b> – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount.	£1,240

Source: Audit Scotland

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## How we evaluate misstatements

21. There were no material adjustments to the unaudited financial statements arising from our audit. There was one error of £3,283 identified which was above our reporting threshold and this was adjusted by officers. The impact of this adjustment was to increase net cost of service by this amount and reduce total usable reserves from £512,897 to £509,614.

22. It is our responsibility to request that all errors are corrected although the final decision on this lies with those charged with governance taking into account advice from senior officers and materiality. All errors identified were adjusted by management.

## Significant findings from the audit in accordance with ISA 260

23. International Standard on Auditing 260 (UK & Ireland) requires us to communicate significant findings from the audit. We have no matters to report.

## Going concern

**24.** The financial statements of DABVJB have been prepared on the going concern basis. No issues were identified with the assessment of going concern.

## Other findings

**25.** Our audit identified a number of presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited annual report and accounts.

## Objections

**26.** The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. DABVJB complied with the regulations.

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# Part 2

## Financial management

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### Main judgements

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Net expenditure outturn during the year was lower than budgeted which resulted in less use of reserves than originally planned.

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Deficit levels have been increasing since 2014/15.

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### Financial performance in 2016/17

**27.** In January 2016 DABVJB approved its budget for 2016/17. Total budget expenditure was £2.938 million and total budget income was £2.670 million. This resulted in a forecast deficit of £268,000 which would need to be met through the use of reserves.

**28.** Actual outturn for the year was total expenditure of £2.884 million and total income of £2.763 million. This resulted in a deficit of £121,000 for the year which was £147,000 more favourable than the budgeted figure.

**29.** The largest source of income was requisitions from members of the Joint Boards. This was £2.664 million in 2016/17 which was unchanged from 2015/16. The budget was aligned to DABVJB's statutory objectives to ensure services were delivered.

**30.** Details of significant variances between the budgeted and actual figures for 2016/17 are summarised in [Exhibit 4 \(page 11\)](#).

**31.** The deficit of £121,000 reported in the Management Commentary differs from the deficit reported in the Comprehensive Income and Expenditure Statement (CIES) due to statutory financial adjustments arising such as pension benefits. A reconciliation has been provided to explain the adjustments

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Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

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## Exhibit 4

### Summary of significant underspends against budget

Area	Underspend (£)	Reasons for variance
<b>Underspends</b>		
Property	18,462	Lower than anticipated expenditure on rates, energy and accommodation costs
Supplies & services	49,330	This is due to underspends in machine leases, computer licences, telephone and printing & stationery
Income	93,760	Government Grant received after budget-setting exercise in respect of the Modernising Electoral Registration Programme.

Source: DABVJB annual report and accounts 2016/17

## Efficiency savings

**32.**With expenditure continuing to exceed income and continued pressures to deliver services, efficiency savings are an important means of bridging the gap between funding received and spending commitments.

**33.**Savings have been achieved through a combination of efficiencies realised and the use of voluntary exits. Two employees left under voluntary early retirement (VER) and two left under voluntary severance (VS) arrangements. These changes are expected to provide salary and on-cost savings of up to £140,000 per year.

**34.**Given the current economic climate and with a view to seeking future efficiencies, the Board have agreed that the VER/VS exercise will continue into 2017/18. Any approval of an individual being granted the opportunity for VER/VS would be based upon individual cost benefit analysis which would consider costs incurred against saving expected.

## Budgetary monitoring and control

**35.**The [\*Local Government in Scotland: Financial overview 2015/16\*](#) (November 2016) highlighted that the need for budgets and forecasts to reflect actual spending becomes increasingly important for local government bodies with decreasing (or low levels) of usable reserves to rely on. An analysis of reserves can be seen in Part 3 of the report.

**36.**We noted that DABVJB's budget is aligned to its statutory objectives. Budgets are approved by the Joint Board and budget monitoring updates are provided at each meeting of the Joint Board. The budget monitoring updates provide details on variances against the budget and forecast year-end positions. This allows members and officers to take actions to address variances and address forecast over and under spends.

## Internal controls

**37.**As part of our audit we identify and inspect the key internal controls in those accounting systems which we regard as significant for the production of the financial statements. Our objective is to gain assurance that DABVJB has

systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

**38.** The systems in place at DABVJB are hosted by West Dunbartonshire Council and were assessed as part of that audit. As part of the Council audit we concluded that the key controls were operating effectively. Overall, no significant control weaknesses were identified which could affect the Council's, and, by extension, DABVJB's, ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

## **Prevention and detection of fraud**

**39.** We have responsibility for reviewing the arrangements put in place by management for the prevention and detection of fraud. We reviewed DABVJB's arrangements including policies and codes of conduct for staff and elected members, whistleblowing, and fraud prevention.

**40.** Based on the evidence reviewed by us, we concluded that the DABVJB has adequate arrangements in place for the prevention and detection of fraud.

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# Part 3

## Financial sustainability

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### Main judgements

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The Joint Board's financial position has been managed through the use of reserves. However, declining reserves, rising demands, increasing costs and reductions to requisition income will continue to place a strain on the Joint Board's capacity to deliver the current level of service.

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The level of usable reserves is forecast to fall by the end of 2017/18. It is recommended that the balance held in reserves continues to be reviewed to ensure there are sufficient funds to address ongoing demand on services.

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### Financial planning

**41.** It is important that long-term financial strategies (typically covering five to ten years) are in place which link spending to DABVJB's strategies. Although members only approve the budget for a single year, this should be supported by indicative future spending plans (covering three years at least) that forecast the impact of relevant pressures on DABVJB.

**42.** The Accounts Commission recommended that when future Scottish Government funding is not known, bodies should plan for a range of scenarios so they are prepared for different levels of funding and income. The indicative budgets provided to members, do not include scenarios on savings or service options in the medium to long-term.

Appendix 1, Action Plan, point 1

### Funding position

**43.** The Joint Board approved its 2017/18 budget in February 2017 with proposed total expenditure of £2.765 million. DABVJB has decreased the requisitions from member authorities in 2017/18 by 2%, meaning that the requisition income for 2017/18 is £2.611 million compared with £2.664 million in 2016/17.

**44.** Plans to address this gap include £0.073 million of other income and a transfer of £0.081 million from usable reserves.

**45.** DABVJB is facing a number of challenges in maintaining a sustainable financial position in future. These include rising demands for services, increasing costs of services and reductions in requisition funding.

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Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

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## Savings plans

46. A review of DABVJB's budget information and financial projections for 2017/18 to 2019/20 highlight that the funding settlement for 2018/19 and beyond is uncertain. It is recognised that over the medium term the funding position of local government across Scotland is likely to involve a further period of contraction. The Joint Board anticipates that it will need to identify further recurrent savings from 2018/19. As is normal, the Assessor will undertake a further review of the service provision in order to identify saving options.

## Reserves

47. Like all joint boards, DABVJB has no specific powers to retain reserves to meet future requirements and technically the amounts held are due to local authorities. These balances are used to support medium-term financial planning and address any unforeseen costs.

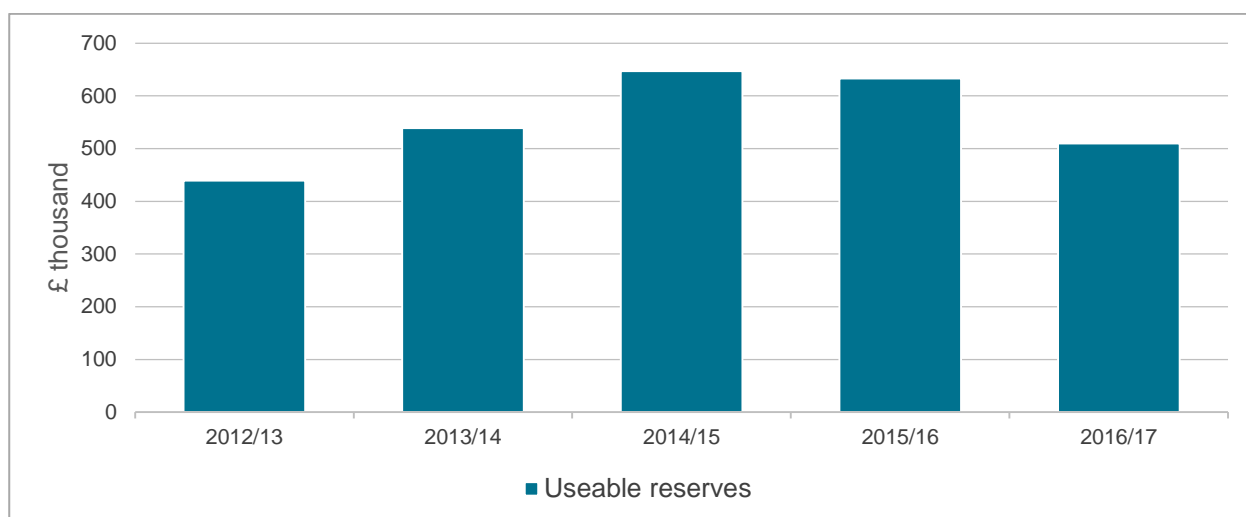
48. In 2016/17 the overall level of usable reserves held by DABVJB decreased by £124,000 (20%). The closing balance of £510,000 is 17% of 2016/17 budgeted expenditure. Officers have assessed this as being a prudent level to protect against unforeseen costs.

49. [Exhibit 5](#) provides an analysis of usable reserves over the last five years. The usable reserves balances due to member authorities have reduced since 2014/15. DABVJB forecasts that the level of usable reserves at the end of the 2017/18 financial year will reduce further to £412,000. This, however, is in line with the Board's Prudential Policy which requires reserves of the higher of £100,000 or 2% of budget. It is recommended that the balance held in reserves continues to be reviewed to ensure there are sufficient funds to address ongoing demand on services.

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## Exhibit 5

### Analysis of usable reserves over last five years



Source: DABVJB annual accounts and report 2012/13 – 2016/17

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## Workforce planning

50. Audit Scotland's [Local government in Scotland – performance and challenges 2017](#) report highlighted the need to plan and manage reductions to



workforces. Failing to do this can affect the skills mix and ability of the organisation to deliver, manage and scrutinise services effectively.

**51.** The report advises local government bodies to have effective systems in place for managing their workforce and monitoring staffing levels, and that information should be aligned to other long-term plans such as financial plans.

**52.** As noted at paragraph 34 above, the Joint Board have agreed that the VER/VS exercise approved for 2016/17 will continue into 2017/18, with any approval of an individual being granted the opportunity for VER/VS being based upon individual cost benefit analysis. Whilst considering the efficiencies derived from this exercise, DABVJB should ensure that the operational requirements continue to be met.

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# Part 4

## Governance and transparency

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### Main Judgements

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**The Joint Board has effective governance arrangements in place to support the scrutiny of decision making.**

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**The Joint Board is open and transparent in the way it conducts its business; the public can attend meetings and access agendas and meeting papers on the Board's website - <http://www.dab-vjb.gov.uk>.**

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### Governance arrangements

**53.** Members and management of DABVJB are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements. We concluded that DABVJB has effective governance arrangements which provide an appropriate framework for organisational decision-making.

**54.** There was a requirement for the DABVJB to develop a Local Code of Good Governance in 2016/17 in line with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government 2016 Framework and publicly report on their compliance against this Local Code. A Local Code has not yet been developed, however DABVJB have a Code of Corporate Governance which will provide a sound basis for the development of their Local Code. We note that DABVJB are aware of these requirements and have included this as an action for 2017/18 within their Annual Governance Statement.

#### Appendix 1, Action Plan, point 2

**55.** Overall, we concluded that the governance arrangements in place are sound and support governance and accountability, however these should be reviewed on a regular basis.

**56.** Citizens should be able to hold DABVJB to account about the services it provides. Transparency means that citizens have access to understandable, relevant and timely information about how DABVJB is taking decisions and how it is using its resources. Overall we concluded that DABVJB is open and transparent.

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Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information.

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### Management commentary, annual governance statement and remuneration report

**57.** The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 requires Joint Boards to prepare and publish, along with their financial statements, a management commentary, an annual governance statement and

a remuneration report that are consistent with the disclosures made in the financial statements. The management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body.

**58.**Based on our knowledge and work performed, we concluded that the management commentary, annual governance statement and remuneration report are consistent with the financial statements.

## Internal audit

**59.**Internal audit provides senior management and elected members with independent assurance on DABVJB's overall risk management, internal control and corporate governance processes.

**60.**The internal audit function is carried out by West Dunbartonshire Council's internal audit team. We carried out a review of the adequacy of the Council's internal audit function and concluded that it operates in accordance with the Public Sector Internal Audit Standards (PSIAS).

**61.**To avoid duplication of effort, we place reliance on the work of internal audit wherever possible. In 2016/17 we did not place any formal reliance on internal audit reviews for the purpose of obtaining direct assurance for our financial statements work. However, we did review audit reports that were relevant to our work to help with our understanding of the systems and processes in place, but these will not be used to support our opinion on the annual report and accounts.

## Transparency

**62.**Transparency means that the public, in particular local residents, have access to understandable, relevant and timely information about how DABVJB is taking decisions and how it is using resources such as money, people and assets.

**63.**There is evidence from a number of sources which demonstrate DABVJB's commitment to transparency. Members of the public can attend Joint Board meetings and minutes of the meetings and supporting papers are readily available through DABVJB's website.

**64.**The Joint Board's website allows the public to access a wide range of information on corporate policies, targets and performance.

**65.**The Joint Board makes its annual accounts available on its website. These include a management commentary which provides details of performance against budget, information on the use of reserves and risks and uncertainties facing the Joint Board.

**66.**Overall, we concluded that the Joint Board conducts its business in an open and transparent manner.

## Equalities

**67.**The Equality Act 2010 introduced a public sector general duty that encourages public bodies to mainstream equality, that is, ensure it is part of their core work. The Act requires that by no later than 30 April 2015 and every two years thereafter, public bodies must publish a report on the progress made to achieve the quality of outcomes it has set.

**68.**We reviewed the current equalities report published in April 2017 and concluded the Joint Board has met its statutory duty to:

- publish information on progress made in mainstreaming equality within the Joint Board
- report on progress made towards achieving equality outcomes published in 2013
- publish annual employee information and details of the progress made in gathering and using information to better meet the duty
- publish updated gender pay gap information.

**69.** We concluded, on the basis of evidence reviewed, that the Joint Board is proactive in ensuring that equality is mainstreamed.

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# Part 5

## Value for money

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### Main judgements

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Performance management information is reported at each Joint Board meeting.

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The Board exceeded its targets for additions to the Council Tax Valuation List in 2016/17.

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Performance in updating the Valuation Roll for amendments has deteriorated since 2015/16 with the 2017 revaluation exercise highlighted as a contributing factor

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### Best Value

**70.** Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. DABVJB should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

### Following the public pound

**71.** Local government bodies have a statutory responsibility to comply with the Accounts Commission / COSLA Code of Guidance on funding external bodies and following the public pound.

**72.** The Joint Board's financial regulations state that it will continuously strive to secure best value for money and economy, efficiency and effectiveness in their use of resources.

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Value for money is concerned with using resources effectively and continually improving services.

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### Performance management

**73.** A review of the Board's Comments and Complaints handling process, procedures and reporting system was carried out and the changes are being implemented in 2017/18. It is expected that this will lead to improved reporting of complaints outcomes.

**74.** The Board completed a review of the Budget Reporting Process. The revised reporting format allows more detail of corrective action proposed or taken and increases the transparency and accountability of financial management reporting.

**75.** The Board has implemented a Procurement Policy and has published a Contracts List and updated the Standing Orders and Financial Regulations to reflect this.

**76.**One of key tasks DABVJB has been involved in during 2016/17 is in the preparation of the 2017 Non Domestic Rating Revaluation which came into effect on the 1 April 2017. Valuations were carried out as part of the exercise and all were completed in advance of the go live date.

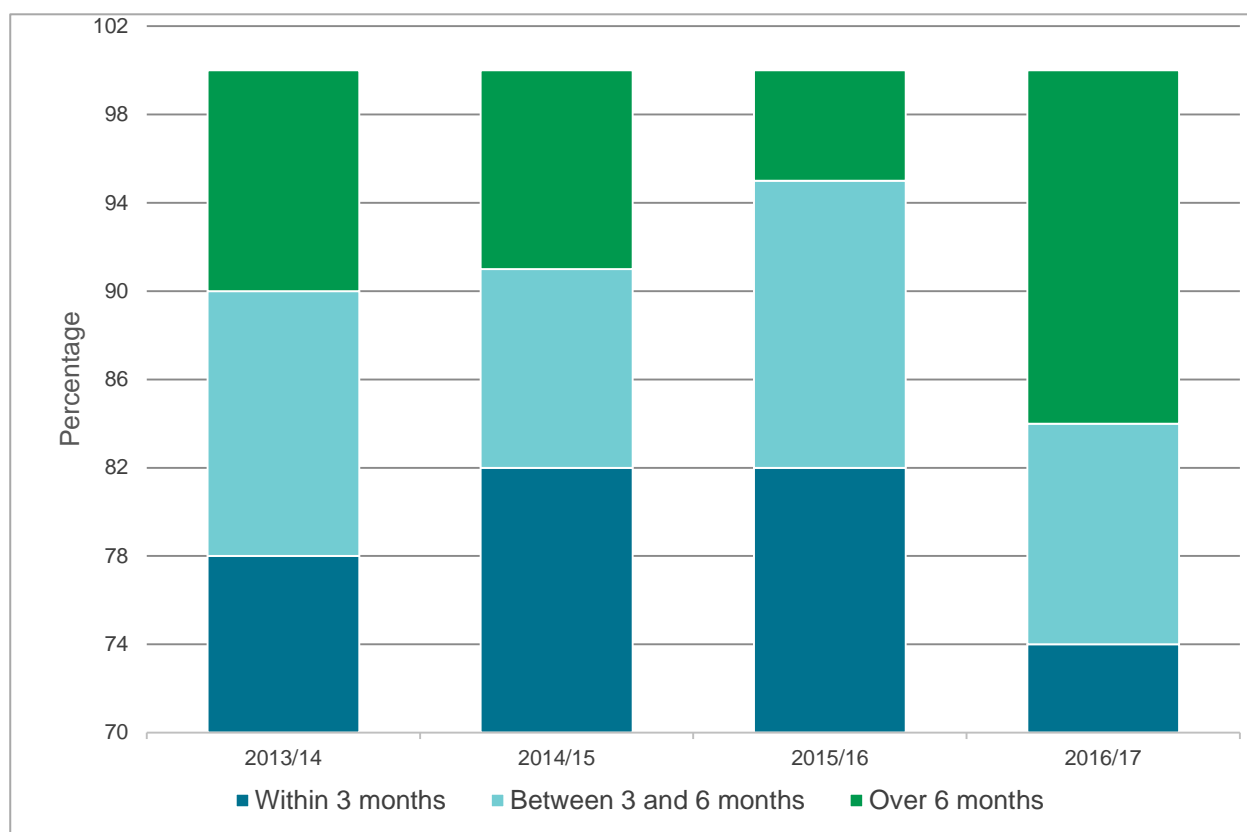
**77.** The Board is responsible for maintaining and updating the Council Tax Valuation List. In 2016/17, it exceeded its targets for additions to the List.

**78.**Throughout the year, Board staff were involved in updating the Valuation Roll to take account of additions, alterations and deletions and 848 amendments were made to the Valuation Roll during the year. In 2016/17, there was a target of 83% of amendments to be made within 3 months of notification. The Board did not achieve this target and only 74% of amendments were made within 3 months. This was caused mainly by staff involvement on the Revaluation exercise. The Board is reviewing procedures with the aim of improving performance. [Exhibit 6](#) shows DABVJB performance in relation to updating the Valuation Roll over the last four years.

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## Exhibit 6

### Analysis of performance in adding new properties to Valuation Roll over last four years



Source: DABVJB performance reports from April 2016 to March 2017

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**79.**Performance reports are provided to members. These reports are detailed and provide performance details on DABVJB's functions. Annual public performance reports are published and during 2016/17, the 2015/16 Public Performance Report was published on DABVJB's website ([www.dab-vjb.gov.uk](http://www.dab-vjb.gov.uk)).

## National performance audit reports

**80.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2016/17, a number of reports were issued which are of direct interest to the Joint Board. These are outlined in [Appendix 3](#).

**81.** The Assessor and Depute Assessor attend the Scottish Assessors Association Governance Committee where reports of interest (including relevant Audit Scotland reports) are discussed and information disseminated. Any key risks are then shared with the Joint Board.

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# Appendix 1

## Action plan 2016/17

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### 2016/17 recommendations for improvement

			
Page no.	Issue/risk	Recommendation	Agreed management action/responsible officer/timing
13	<p><b>1. Medium-term financial planning</b></p> <p>Although indicative budgets cover a three year period, members are not provided with scenarios on savings or service options.</p> <p><b>Risk</b></p> <p>That there is insufficient information to inform decision-making.</p>	<p>We recommend that scenario planning over the medium to long-term is carried out and key messages from that planning are presented to members.</p>	<p>An improved approach to longer term financial planning will be implemented for budgeting from 2018/19 onwards, including scenario planning and longer term projections.</p> <p>Treasurer</p> <p>31 March 2018</p>
16	<p><b>2. Local Code Good Governance Arrangements</b></p> <p>The requirement in 2016/17 for the VJB to develop and publicly report on their compliance with their Local Code was not completed.</p> <p><b>Risk</b></p> <p>DABVJB did not adopt the requirements of the Delivering Good Governance Framework in 2016/17.</p>	<p>We recommend that DABVJB develop a Local Code and publicly report on their compliance with this Code for 2017/18.</p>	<p>A local code for the DABVJB will be developed for adoption; thereafter compliance will be reviewed by senior officers and reported during 2017/18.</p> <p>Assessor &amp; Electoral Registration Officer</p> <p>31 March 2018</p>

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# Appendix 2

## Significant audit risks identified during planning

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The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

Audit risk	Assurance procedure	Results and conclusions
<b>Risks of material misstatement in the financial statements</b>		
<b>1 Management override of controls</b>  ISA 240 requires auditors to consider management's ability to manipulate accounting records and prepare fraudulent or biased financial statements by overriding controls that otherwise appear to be operating effectively.	Detailed testing of journals.  Review of accounting estimates for bias.  Focused testing of accruals and prepayments.  Evaluating significant transactions that are outside the normal course of business.	Our audit procedures did not uncover evidence of management override of controls.
<b>Risks identified from the auditor's wider responsibility under the Code of Audit Practice</b>		
<b>6 Financial sustainability</b>  It was anticipated that net expenditure would exceed constituent contributions in 2016/17. There is a risk of insufficient levels of reserves being maintained if cost efficiencies were not achieved.	Review of budget monitoring reports during the year and comment on the financial position within the Annual Audit Report.	A review of budget monitoring reports and the financial statements show that lower than planned reserves were used in 2016/17. However, further use of reserves is anticipated in 2017/18. Efficiency savings will need to be made to ensure services are delivered within budget and an adequate level of reserves is maintained.

# Appendix 3

## Summary of performance reports 2016/17



Apr			
May		Common Agricultural Policy Futures programme: an update	
Jun		South Ayrshire Council: Best Value audit report	 The National Fraud Initiative in Scotland
Jul		Audit of higher education in Scottish universities	 Supporting Scotland's economic growth
Aug		Maintaining Scotland's roads: a follow-up report	 Superfast broadband for Scotland: a progress update  Scotland's colleges 2016
Sept		Social work in Scotland	 Scotland's new financial powers
Oct		Angus Council: Best Value audit report	 NHS in Scotland 2016
Nov		How councils work – Roles and working relationships in councils	 Local government in Scotland: Financial overview 2015/16
Dec		Falkirk Council: Best Value audit report	 East Dunbartonshire Council: Best Value audit report
Jan			
Feb		Scotland's NHS workforce	
Mar		Local government in Scotland: Performance and challenges 2017	 i6: a review  Managing new financial powers: an update

### Local government relevant reports

[\*The National Fraud Initiative in Scotland - June 2016\*](#)

[\*How councils work - Roles and working relationships in councils - November 2016\*](#)

[\*Local government in Scotland: Financial overview 2015/16 - November 2017\*](#)

[\*Local government in Scotland: Performance and challenges 2017 - March 2017\*](#)

# Dunbartonshire and Argyll & Bute Valuation Joint Board

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