

***DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS***

MEMBERS AS AT 31 MARCH 2014

JOINT BOARD MEMBERS

ARGYLL & BUTE COUNCIL

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

EAST DUNBARTONSHIRE COUNCIL

Councillor Jim Gibbons
Councillor Vaughan Moody
Councillor John Jamieson
Councillor Manjinder Shergill
Councillor Bill Hendry
Councillor Michael O'Donnell

WEST DUNBARTONSHIRE COUNCIL

Councillor Jim Brown
Councillor Jonathan McColl
Councillor Tommy Rainey
Councillor Kath Ryall
Councillor Lawrence O'Neill

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

GENERAL SERVICE AIMS AND OBJECTIVES

WHO WE ARE AND WHAT WE DO

Dunbartonshire and Argyll & Bute Valuation Joint Board is an independent board which was established by The Valuation Joint Boards (Scotland) Order 1995. We professionally compile and maintain the Valuation Rolls, Council Tax Valuation Lists and Registers of Electors for the Argyll & Bute, East Dunbartonshire and West Dunbartonshire council areas.

OUR AIMS

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

COMMITMENTS

We are committed to:

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

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

1.0 INTRODUCTION

I am pleased to present my Annual Report in relation to the 2013/14 financial year.

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

The 2010 Non-Domestic Rating Revaluation came into effect at 1st April 2010 and appeals against the proposed values were received in the period up to 30th September 2010. Running roll and 'material change of circumstance' appeals were received throughout the 2013/14 year.

Maintenance activity in relation to our Council Tax functions remained more or less at expected levels though appeal activity was much higher, particularly in the East Dunbartonshire area, than in most years.

In relation to our Electoral Registration functions, the annual canvass, which had a much amended timetable, was completed on time, Personal Identifiers for Absent Voters were refreshed in accordance with the amended legislative requirements and feedback from the Electoral Commission's performance regime was good. Preparations for the change to Individual Electoral Registration (IER) from September 2014 demanded a huge amount of time, attention and resource.

Following the resignation of the Depute Assessor & ERO, Alistair Boyd, in late August, Mr Robert Nicol, formerly of Renfrewshire Valuation Joint Board, was appointed to the post and commenced employment with the Board on 30th September 2013. The Management Team was also added to by the appointment of Barry McEwan to the post of Divisional Assessor.

March 2014 also saw the resignation from Argyll & Bute Council of Councillor Fred Hall who was also a Joint Board member. At the June Board meeting Councillor Donald MacMillan was appointed to represent Argyll & Bute Council.

The VJB Management Team continues to be the main forum for decision making within the organisation. It met regularly throughout 2013/14 to manage statutory functions and operations, and develop, implement and monitor policies and strategies.

2.0 GENERAL PROGRESS IN RELATION TO STATUTORY FUNCTIONS

2.1 NON-DOMESTIC RATING

Aims

- To carry out a general revaluation, normally every 5 years, though the current government have delayed the next Revaluation until 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.
- To improve upon the time taken between the date on which amendments to the Valuation Roll are effective and the date on which the Valuation Notice is issued.
- To publish the Valuation Roll, make it available to the rating authority, the Keeper of Records and other interested parties.
- To deal with appeals by discussion with ratepayers or their agents, or by hearing of appeals before the appropriate valuation appeal courts.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

2.1 NON-DOMESTIC RATING (Cont'd)

Maintenance of the Valuation Roll

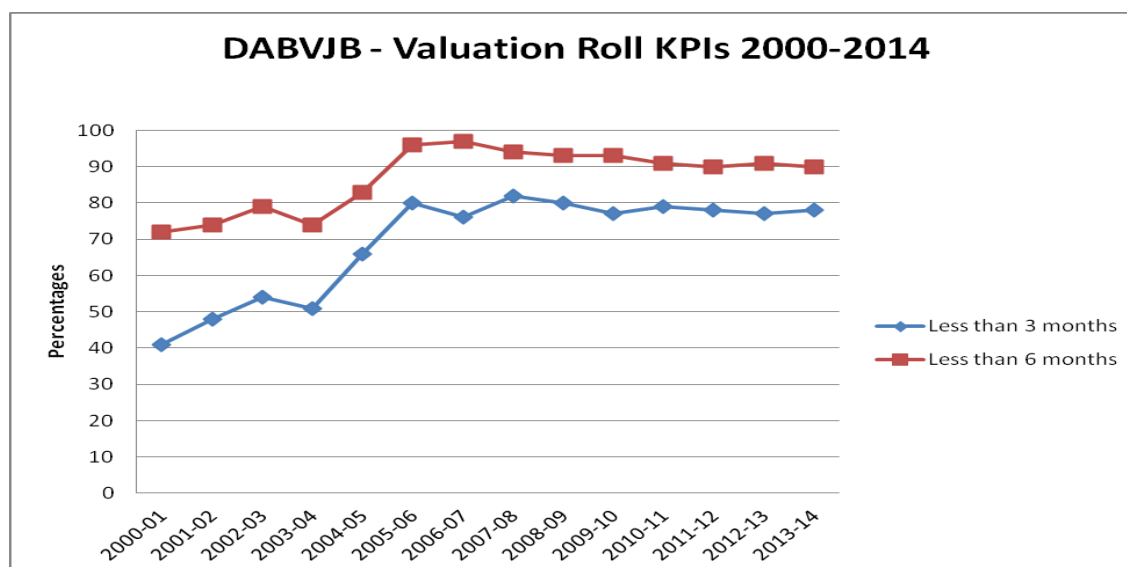
Throughout the year, professional and technical staff have been involved in the routine updating of the Valuation Roll to take account of additions, alterations and deletions. 892 amendments were made to the Valuation Roll during the year.

Total Number of entries @ 1st April 2013	13,007
Total Rateable Value @ 1st April 2013	£326.3 million
Total Number of entries @ 31st March 2014	13,207
Total Rateable Value @ 31st March 2014	£328.2 million

The Key Performance Indicator in relation to non-domestic valuation has been defined as the time taken from the date on which amendments to the Valuation Roll are effective to the date a Valuation Notice in respect of that change is issued. The following table sets out the target and actual performance information for 2013/14 compared with the actual figures for 2012/13.

Period	Actual 2012/13	Target 2013/14	Actual 2013/14			
			Argyll & Bute	West Dunbartonshire	East Dunbartonshire	Whole VJB Area
0-3 months	77.1%	80%	76%	86%	80%	78.36%
3-6 months	14.1%	14%	14%	8%	8%	12.11%
>6 months	8.8%	6%	10%	6%	13%	9.53%

Although, collectively, not all of our targets were achieved, performance was maintained at similar levels to recent years. This continued high level of performance was achieved despite significant numbers of retrospective requests for new entries to be made in the valuation roll at one particular caravan park in Argyll – a matter over which we have no control. A similar situation now exists in respect of self-catering units with recent changes to Council Tax charging regimes encouraging owners of second and empty homes into making their properties available for short term holiday lets. Again we often only get notice of this once time has elapsed and the individual has incurred Council Tax payment arrears. It is difficult to quantify but NDR performance is also likely to have been affected by the re-direction of resource to deal with the Council Tax review exercise in Bishopbriggs (see below). Performance in relation to service provision since the inception of the Best Value regime is shown below.



DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

2.1 NON-DOMESTIC RATING (Cont'd)

The Divisional Assessors have committed to further reviews of the ways in which we work in an attempt to return our performance levels to those of a few years ago.

2005 Revaluation

The vast majority of Revaluation appeals had been disposed of by the statutory deadline of 31st December 2008.

Four appeals, having been referred to the Lands Tribunal, were outstanding at the start of the 2013/14 year and these remain outstanding.

2005 Running Roll Appeals

At the start of 2013/14, 41 'Running Roll' appeals were outstanding from the 2005 Valuation Roll.

The majority of these relate to entries for Mobile Telecommunication Networks. During 2012/13 the Lands Tribunal had heard 'sample' or 'lead' cases in respect of Mobile Telecommunications subjects with the decision going against the Assessors' approach in all respects. That decision was appealed to the Lands Valuation Appeal Court and the case was heard in March 2014, with the outcome still unknown at the year end. A further, smaller, group of appeals relate to Canals and they are likely to be progressed following a recent decision in England. Progress in relation to appeals for the gas utility subjects is dependent upon outcomes in England and Wales.

2010 Revaluation

The 2010 Revaluation took effect from 1st April 2010.

Following a commitment given by Scottish Ministers in 2007, the rate poundage for 2013-14 in Scotland was set to match the rate set for England at 46.2p.

2010 Revaluation Appeals

A total of 3,391 appeals were received before 30th September 2010, which was the last date for submission of such appeals. The statutory requirement was that Revaluation appeals were disposed of by Committees prior to 31st December 2013 and, in line with the legislative requirement, these were all cited for hearing before 30th June 2013.

At the start of 2013/14, 573 Revaluation appeals were outstanding. To facilitate the disposal of these appeals, Valuation Appeal Committee Hearings were scheduled throughout the year by arrangement with the relevant Secretary/Assistant Secretary to the Panels.

During the year 528 appeals were disposed of leaving 45 which have been referred to the Lands Tribunal. Of the Revaluation appeals disposed of to date 2,376 (71%) have been withdrawn and 970 (29%) resulted in adjustments being made to the rateable value.

The outstanding appeals have been referred to the Lands Tribunal on the basis of their complexity, legal uncertainty or by virtue of them being subjects which extend beyond one council area. At the statutory deadline for referring these appeals, the 2005 appeals regarding Mobile Telecommunications had not been resolved thereby requiring the Assessor to seek referral of several appeals. This had not been planned for and resulted in unbudgeted expenditure on referral fees of £12,200. At a recent meeting between the Lands Tribunal and representatives of the parties involved a draft timetable of hearings was established for the coming months and years.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

2.1 NON-DOMESTIC RATING (Cont'd)

2010 Running Roll Appeals

At the start of the 2013/14 financial year 1,789 running roll appeals were outstanding, almost all of which also had to be disposed of by 31st of December 2013. During the year a further 156 appeals were submitted. 1,756 appeals were disposed of leaving 189 outstanding. This is a very high level of appeal disposal activity which should also be borne in mind when considering the above KPI performance levels. Of the appeals disposed of within the year 95.5% were withdrawn without any adjustment.

54 outstanding running roll appeals have been referred to the Lands Tribunal whilst the others are likely to be settled by negotiation or local Valuation Appeal Committee hearing over the coming year.

Scottish Government Consultation – “Supporting Business – Promoting Growth”

In November 2012 the Scottish Government Finance Secretary, Mr John Swinney, announced the delay of the scheduled 2015 NDR Revaluation to 2017 and issued a consultation on the future of the Non-Domestic Rating system.

The Government’s response to the Consultation was published on 4th September 2013. Most significantly, the response confirmed that the current property based tax system will be retained. Other outcomes and actions relate to Scottish Government policy, the powers of local authorities, the various systems of relief and exemption and the general transparency of the system.

Matters which specifically affect the Valuation Joint Board/Assessor include commitments to provide rateable values to the public well in advance of the 2017 Revaluation and to undertake a separate review of the appeals system. It has subsequently been confirmed that the review of the appeals system will take place during 2014.

2.2 COUNCIL TAX

Aims

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

Maintenance of Valuation List

Activity in the housing sector during the year to 31st March 2014 has resulted in a net increase in the number of dwellings shown in the Council Tax List.

Total Number of entries @ 1st April 2013	142,147
Additions during year to 31st March 2013	1,074
Deletions during year to 31st March 2014	628
Total Number of entries @ 31 st March 2014	142,593

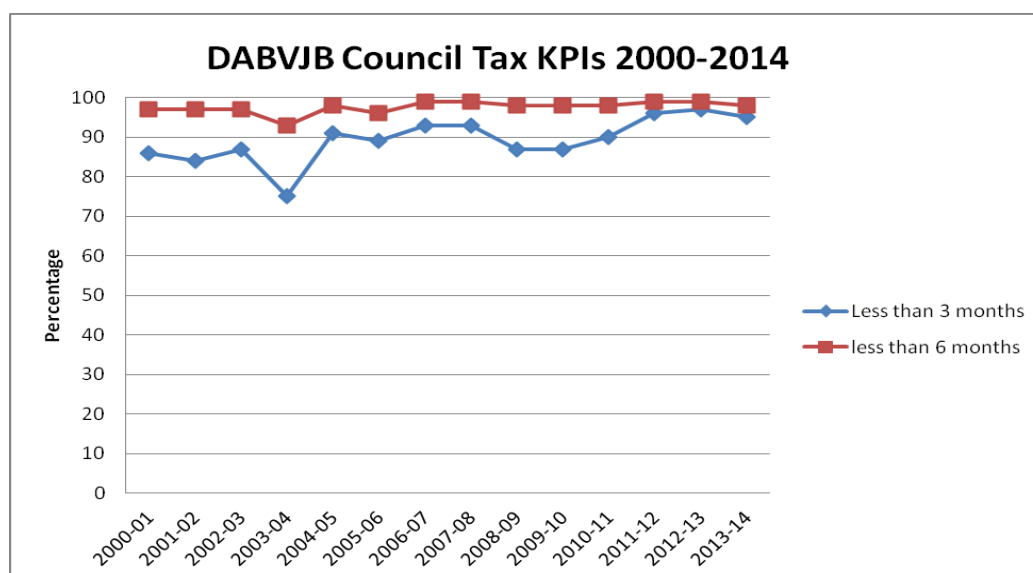
DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

2.2 COUNCIL TAX (Cont'd)

The Key Performance Indicator in relation to Council Tax has been defined as the time taken from the date on which additions to the Valuation List are effective to the date a Banding Notice in respect of that new entry is issued. The following table sets out the target and actual performance information for 2013/14 compared with the actual figures for 2012/13 and shows that our targets at both 3 and 6 months were achieved and our performance levels were sustained in line with those of recent years. I have previously questioned the sustainability of these levels of performance but they have been achieved despite the various pressures referred to elsewhere in this report.

Period	Actual 2012/13	Target 2013/14	Actual 2013/14			
			Argyll & Bute	West Dunbartonshire	East Dunbartonshire	Whole VJB Area
0-3 months	96.5%	95%	93%	98%	99%	95%
3-6 months	2.2%	3%	5%	2%	1%	3%
>6 months	1.3%	2%	3%	0%	0%	2%

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



Proposals and Appeals

Consequent to a number of Valuation Appeal Committee decisions, which reduced the band applied to a number of semi-detached houses in the Woodhill area of Bishopbriggs, the band applied to a significant number of the 'as built' un-extended semi-detached 3-bedroom houses in that area became unsustainable. The issue came to the attention of the local press and elected members and, having provided updates and information for the members and officials of East Dunbartonshire Council, we agreed to pro-actively review the bands of all affected houses in the area. This involved both desk exercises and the inspection of hundreds of houses.

A target of completing the review prior to February 2014, when EDC prepares the data for the following year's Council Tax billing, was established and met. Approaching 400 subjects had their band reduced during this period which was significantly fewer than the published suggestion of nearer 1000 requiring amendment. Completion of the task required the redirection of a significant resource internally and had a direct effect on other measured areas of performance. The associated publicity also resulted in significantly higher numbers of proposals being submitted during the year than would normally be the case.

114 proposals and appeals were outstanding at the start of 2013/14 and 485 were submitted during the year. In the same period, 444 were disposed of, leaving 155 outstanding.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

2.3 ELECTORAL REGISTRATION

Aims

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

Published Electoral Register

The main theme in Electoral Registration during 2013/14 was the introduction of Individual Electoral Registration (IER) and, as part of the planning for that transition; the annual electoral canvass was moved from its normal time to the period between November 2013 and March 2014.

The canvass was completed on schedule and the statutory deadline in relation to the publication of the Electoral Registers by 10th March was achieved.

Canvass forms were initially issued to 139,215 households with a first reminder being sent to 54,364 addresses. Second reminders were split into two groups with 830 being sent to households which could not be canvassed such as overseas addresses and residential establishments and the majority being issued via a door-to-door canvass. Once again, the approach taken to the door-to-door canvass was to visit properties after secondary checks of the registers against other data sources had been made. The canvassers were trained to give help and advice to householders and encouraged to ingather completed forms. 11,539 households were visited by canvassers and 1,691 forms were returned by this method.

The final return at the conclusion of the canvass was 93.84%, of which 25.63% were householders who made their returns by telephone, short message service (text message) or internet and 1.21% were returns via canvassers. This return rate was slightly up on the 93.74% return in 2012, 92.42% in 2011, 92.28% in 2010 and 92.12% in 2009. The total return by Council area is shown below:-

Argyll & Bute Council	95.63%
East Dunbartonshire Council	95.40%
West Dunbartonshire Council	90.30%
VJB Area	93.84%

Elector take-up of the telephone, internet and short message service/text reply facilities for 'No Change' returns has varied since start-up with the return via these services representing 25.63%% of the total return this year.

Method of Return	2005	2006	2007	2008	2009	2010	2011	2012	2013/14
Telephone	12,172	16,554	14, 196	15,076	16,074	16,589	14,630	14,367	14,078
Internet	5,363	8,849	9,244	9,554	11,348	13,404	15,252	14,037	16,003
SMS/text				2,410	3,176	5,222	5,812	5,738	5,595

The number of changes to the Register during the 2013/14 canvass period was as follows: -

Elector Additions	14,513
Elector Deletions	11,996
Total Electorate @ 10 th March 2014	221,453

The total electorate figure at 10th March shows a continuing rise in the number of electors contained in the published register from the low point in 2009.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

2.3 ELECTORAL REGISTRATION (Cont'd)

Year	No of Electors
2013/14	221,453
2012	219,117
2011	217,065
2010	216,433
2009	215,460
2008	216,241
2007	218,875
2006	218,399
2005	217,559

The full Electoral Register can only be provided for certain limited statutory purposes, while an Edited Register can be sold to anyone for any purpose. Electors must advise the Electoral Registration Officer annually if they wish their name to be removed from the edited version. A change to the canvass form design to clarify the electors' requirement to make a positive decision each year, which was introduced in 2011, is probably the reason why the number of opted-out electors has dropped over the last three canvasses (see over).

Year	%age of Electors Opted out
2013/14	13.5%
2012	19.5%
2011	21.0%
2010	27.2%
2009	25.3%
2008	21.7%
2007	13.4%
2006	17.3%
2005	8.4%
2004	7.3%

The Scottish Independence Referendum (Franchise) Bill set out who is entitled to vote in next year's referendum, and included provisions to enable 16 and 17 year olds to vote. This extension to the franchise had to be taken into account during the canvass. The normal household canvass form allowed for the collection of information on those who were already 16 or 17 years old but a separate "young person" form was included with the 2013/14 annual canvass form to be populated with details of any known 15 year old resident at an address. This part of the canvass led to the creation of a Young Person Register on 10th March. At creation there were 5,192 individuals registered who would be aged 16 or 17 on the referendum date of 18th September.

Absent Voters

With the exception of 2008 when there was a legislative change affecting absent voting procedures, the number of Absent Voters on the Register had been on the increase in recent years.

Year	No of Absent Voters
2012	29,501
2011	29,076
2010	27,365
2009	24,899
2008	23,095
2007	24,045

This pattern was interrupted this last year when a refresh of the Personal Identifiers (PIs) of the majority of Absent Voters was required by statute. Originally timetabled to take place in January 2014, this refresh was also re-scheduled to allow for IER preparations. As a result, it took place in August 2013.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

2.3 ELECTORAL REGISTRATION (Cont'd)

A request to refresh PIs was sent to 18,032 absent voters and, whilst the majority of absent voters returned their refreshed PIs, a total of 2,006 Absent Votes were cancelled by virtue of no return having been made within the required timetable.

By the end of the canvass the total number of Absent Voters was 27,176.

Rolling Registration

The process of dealing with applications for changes to the Register continued outwith the canvass period and, using sources such as Council Taxpayer records, a pro-active approach to change information was adopted. The changes to the Electoral Register between January and December 2013 were as follows: -

Elector Additions	8,889
Elector Deletions	14,940
Total Amendments	23,829

Electoral Administration

The Local Electoral Administration (Scotland) Act 2011 established a formal role for the Scottish Electoral Management Board in co-ordinating electoral administration. Mary Pitcaithly, Returning Officer for Falkirk Council is the Convenor of the Board. The Board has three Electoral Registration Officer members and in August my nomination as a Board member was accepted.

The Electoral Management Board has provided guidance and direction in the preparations for the May 2014 European Parliamentary elections.

Electoral Performance

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

In 2012 the Electoral Commission reviewed its approach to the collection of performance information with self-assessments having to be submitted in advance of the annual canvass and the statistical data being submitted following the publication of the revised register.

The Electoral Commission ratified the Joint Board's self-assessment as performing 'Above the Standard' in 6 of the 10 standards and 'Meeting the Standard' in the remaining 4.

As part of the preparations for IER, the Electoral Commission devised two new performance standards related to the transition to IER.

Performance Standard 1 required EROs to illustrate that they understood the challenges in their registration areas and that they had developed a plan for engaging with residents which responded to these challenges. Standard 2 requires EROs to deliver an implementation plan and monitor progress to allow changes to be made along the way.

In October 2013 the VJB made our submission under the first of these and the Commission responded to the effect that they were pleased to see that we had used the data from the IER confirmation dry run (see below) to plan activities which will address our local challenges and concerns. In particular, they thought that it was positive to see that whilst some target groups had been identified as being common to all three areas, niche groups had also been identified and subsequently considered in the work done on the various contact channels highlighted in the strategy template. It was also evident that time and thought had been given to building a good range of partners and a good mix of media/advertising contacts. Accordingly, the Commission was happy that our plans demonstrated that we had a good understanding of the specific needs in Dunbartonshire and Argyll and Bute and that our engagement work was progressing well.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

2.3 ELECTORAL REGISTRATION (Cont'd)

Elections

Unusually in the context of recent and forthcoming years, there were no national elections during the 2013/14 year. Neither were there any local by-elections, though we did provide registers for Community Council elections in Argyll & Bute.

As the year ended, however, preparations for the May 2014 European Parliamentary elections the Independence Referendum in September, National Park elections in July, local by-elections and local Community Council elections were all under way.

Individual Electoral Registration (IER)

The Electoral Registration and Administration Act 2012 received Royal Assent on 31st January 2013, though swathes of the secondary legislation required to implement IER were passed throughout the year.

The transition to IER involves a 'Confirmation' stage where existing Electoral Registers will be matched against the Department of Work and Pensions' (DWP) data and where matches are made individuals will not be required to submit individual applications/personal details. Where matches are not achieved a 'write-out' process, similar to an annual canvass, will result in the issue of Household Enquiry Forms (HEFs) and/or Invitations to Register forms (ITRs) to households and individuals seeking submission of their details, including their Dates of Birth and National Insurance numbers.

As referred to above, one of the side effects of the transition planning was to move the annual canvass in 2013 to permit a 'Confirmation Dry Run' of data matching with the Department of Work and Pensions. The aim of the trial was to allow planning to take place before the live transition to individual electoral Registration in 2014.

Data was sent to the DWP on the allotted day of 2nd August 2013 and the results were delivered 5 days later to our Electoral Management System (EMS). Electors were given a red, amber or green rating. A green match indicated a positive match between existing registers and the DWP data, amber indicated a possible/partial match and a red match indicated that no match could be found. Some contextual information was also provided to inform us what for example had failed, e.g. address. The results of our CDR are as follows:

Percentage Match to DWP Data			
	Green	Amber	Red
Argyll & Bute	67%	13%	20%
East Dunbartonshire	80%	5%	15%
West Dunbartonshire	72%	9%	19%

We then had the option of conducting additional local data matching. This allowed us to confirm additional electors using local sources of data such as council tax or housing benefit data. We ran a matching exercise against council tax data. This increased the positive results:-

Percentage Match following Local Data Matching			
	Green	Amber	Red
Argyll & Bute	79%	8%	13%
East Dunbartonshire	87%	3%	10%
West Dunbartonshire	84%	4%	12%

These outcomes did help inform planning and budgetary decisions for 2014/15, though the greatest unknown at this stage is how the public will react to the system in general and the various new forms in particular.

Another area of planning activity for IER was in preparing the necessary secure ICT connections to the Government Digital Service. A successful 'ping test' was completed but ongoing changes to create a Public Secure Network (PSN) across the local government community continue to be one of the most significant risks to the roll out of the IER regime.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

2.3 ELECTORAL REGISTRATION (Cont'd)

One consequence of the occurrence of the Referendum on Scottish Independence is that the implementation of IER was held back in Scotland until after the referendum. Thus it is possible that they may be lessons learned from the 'go-live' of this project in England and Wales in June which we can accommodate before going live on 19th September 2014.

A whole host of related activities including Electoral Management System upgrades, training and process planning were ongoing during 2013/14 and these will continue until the IER regime goes live. This planning activity was aided by the secondment of our Principal Administrative Officer, June Nelson-Hamilton, to the post of Regional Delivery Manager in the Cabinet Office Project on a part-time basis.

The majority of the change being implemented for IER is being financed, in the early years at least, through direct grant from the Cabinet Office. The unknowns of the regime, however, made financial projections for 2014/15 very difficult indeed and the funding of the regime in the longer term is a significant uncertainty.

Referendum on Scottish Independence

The 'Edinburgh Agreement' which was signed in October 2012 paved the way for The Scottish Independence Referendum Act and the Scottish Independence Referendum (Franchise) Act which establish the rules for the conduct of the referendum which is to be held on 18th September 2014. The latter contains the provision for the extension of the franchise to 16 and 17 year olds by way of a Register of Young Voters.

As referred to above, a Young Persons Register was created following the 2013/14 canvass and by the end of the financial year it had moved to a maintenance phase with updates taking place monthly in line with the electoral register. Outreach work was ongoing and particular planning attention has been given to student electors who may move address around the last date for registration (2nd September 2014).

3.0 GENERAL PROGRESS IN RELATION TO OTHER MATTERS

3.1 INFORMATION AND COMMUNICATIONS TECHNOLOGY

IT and Computer Provision

Computers and IT systems continue to be maintained and upgraded as required to meet operational needs and in accordance with the recommendations from West Dunbartonshire Council's ICT Service. During the year we purchased 14 PCs/laptops to replace obsolete devices.

It was previously reported that we were experiencing intermittent issues with connection to, and network performance in, our Campbeltown office and that we were initiating a full review of the move to broadband. Unfortunately, uncertainties relating to the WDC ICT 'Modernisation Programme' prevented us from reinstating a fixed line to Campbeltown and we have continued to have performance and connectivity issues throughout the year. The implementation of additional broadband lines during the year, and their aggregation, has only had limited benefits. Steps are being taken with WDC to escalate the matter as the failure to improve our communications links with Campbeltown forms a significant risk to the implementation of systems related to IER.

As referred to above we successfully completed the first stage of connecting to the Government Digital Service, which will underpin the new IER system, in late 2012/13 but changes to the requirements have led to difficulties in connecting in recent months. The main issue has been the Cabinet Office requirement to move to the developing Public Sector Network, a move which requires both accreditation (through WDC) and a physical move to the new network. At the time of reporting the former had been achieved but not the latter.

Our Electoral Management System had several upgrades applied to provide the functionality required for both IER and the extension of the franchise for the Scottish Independence Referendum and this will continue into 2014/15.

Internal initiatives included the development of an improved Equalities and Training database and a significant review of the information held on our website to ensure compliance with the revised Freedom of Information regime – see later.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

3.1 INFORMATION AND COMMUNICATIONS TECHNOLOGY (Cont'd)

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) which provides single point access to Valuation Roll, Council Tax List and Electoral Registration information on an all-Scotland basis.

With central funding of the portal having come to an end, development activity in relation to the portal has, again, remained at low levels during 2013/14 with development being focussed fine tuning of the site rather than in delivering significant enhancements or additional functionality.

Progress has been made in specifying a suite of data improvements to assist Scottish Government analysis of Scotland-wide Valuation Roll data and funding has been agreed. The development and population of the fields will be a significant task during 2014/15.

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 2012/13 Public Performance Report was published during 2013/14 on our web site (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 2013/14:-

- In-year amendments to the 2011-2014 Service Plan and an Annual Service Calendar for 2013/14 were approved by the Valuation Joint Board in June 2013. The Management Team regularly reviews progress against these plans. Further, a new Service Plan for the period 2014-17 was drafted during the year and will be presented to the Joint Board for approval in June 2014.
- The Reporting Framework was amended to include new reports which are used for internal and external reporting. A full suite of reports is presented to the Management Team for regular review and/or submitted to external bodies.
- A collated Audit Action Plan was amended to include the recommendations of both the 2012/13 external audit and the 2013/14 internal audit of electoral systems. It is regularly reviewed by the Management Team to reflect actions taken.
- Arising from an Audit recommendation in 2012 a Service Level Agreement for the provision of support services by West Dunbartonshire Council was agreed and approved by the Joint Board in November 2013.
- The Management Team regularly reviews the approved Risk Action Plan, and the Risk Register is reviewed annually. An IER Risk Register was developed and incorporated into the 'corporate' Risk Register.
- A new Complaints Procedure, in line with the Scottish Public Ombudsman's Model Complaints Procedure, was approved by the Joint Board in November 2012, though practical implementation took effect on 1st April 2013.

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.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

3.2 BEST VALUE (Cont'd)

Risk Management

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

- A recognition that enforced changes to our Electoral Management System in terms of database renewal and system upgrades constitute significant risks going forward
- The risks to the organisation of failing to meet our Public Records Act obligations
- As reported above, the ICT Modernisation Programme currently ongoing in West Dunbartonshire Council may have significant effects on VJB, including PSN compliance.
- In the longer term, the outcome of the Independence Referendum may have significant effects on the duties and functions of the Valuation Joint Board.

Aside from the last addition above, where little can be done until the outcome is known, all risks have planned actions to mitigate or minimise the risk and progress against the Action Plan is regularly monitored at Management Team meetings.

A significant addition to our Risk Management process has been the development and maintenance of a Risk Register and Action Plan for the implementation of IER.

Audit

During the year, the final 2012/13 accounts of the Valuation Joint Board were subject to External Audit by Audit Scotland. The external auditor's Annual Audit report gave an unqualified opinion on the financial statements for the year to 31st March 2013, concluding that they give a true and fair view of the financial position of the Board. They were also prepared in accordance with relevant and regulatory requirements, including the Local Government (Scotland) Act 1973 and the 2012/13 Code of the affairs of the body.

The report did highlight four key risks to the operations of the Joint Board and recommended actions as follows:-

Risk no.	Risk Identified	Planned Management Action	Responsible Officer
1	Management and the Board should consider the appropriate level of budget setting to ensure that contributions made to the Board by the constituent authorities are set at appropriate levels. Risk - Budgets are not aligned to projected expenditure.	Assessor will work with Treasurer to ensure that Budgets accurately match expenditure	Treasurer
2	There are no SLAs in place to define the support services provided to the Board by West Dunbartonshire Council. Risk - there is insufficient clarity over issues such as service definition, performance measurement, duties, warranties and termination of agreement	Assessor will work with Treasurer to ensure that SLA is presented to the Joint Board	Treasurer/ Assessor & ERO
3	Risk – As the Board use the major financial systems of WDC, transactions involving the Board may not necessarily be subject to appropriate coverage by Internal Audit.	Internal Audit will be asked to ensure that any samples taken while testing financial systems include a representative sample from the Valuation Joint Board.	Treasurer
4	In September 2013 it was recognised that the council tax bands of approximately 1,000 domestic properties within East Dunbartonshire required reassessment to ascertain if their current 'E' band should be reduced to a 'D' band. This will impact on the workload of valuation staff. Risk - the Board may find it difficult to deliver its statutory duties and achieve the targets it has set for its key performance indicators	A specific team has been established to pro-actively tackle the issue in East Dunbartonshire. Managers will continue to monitor performance in all areas of operation and re-apply resources as deemed fit.	Assessor & ERO Assessor & ERO

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

3.2 BEST VALUE (Cont'd)

I can confirm that the 2014/15 budget estimates process took a very tight view of proposed expenditure and removed several margins of contingency. Estimating for the unknowns of IER, however, did complicate the matter and only time will tell how accurate the estimates were.

The Joint Board did approve a Service Level Agreement with West Dunbartonshire Council at its meeting in November 2013.

The Treasurer has confirmed that Internal Audit will ensure sampling includes Joint Board transactions.

In respect of the Bishopbriggs review of Council Tax bands, the task was essentially completed in time for East Dunbartonshire Council's billing runs being created in February 2014, though a small number of proposals and appeals remained outstanding at the year end. The re-direction of resources undoubtedly had an effect on other measured areas of performance (see above) though the fantastic efforts of those involved meant that diminution of service delivery was minimised.

During the summer of 2013, Internal Audit carried out a review of our Electoral Registration functions. In their report, which was completed in August, auditors concluded that the systems examined were working effectively. The audit did, however, highlight that opportunities existed to strengthen internal controls and enhance the service provided. The principal concerns related to public inspection of Registers at Public Libraries and to the approach used to upgrade our 'EROS' Electoral Management System.

The statutory obligation on Library staff to supervise members of the public who are inspecting registers was reiterated in a letter to Chief Executives and relevant Directors within the three Councils and direct training was given to staff within West Dunbartonshire Council's Libraries Service.

It is now standard practice that the Electoral Registration ('EROS') system upgrades are applied and tested in the Test system prior to being applied to the Live system.

All other agreed actions contained within the action plan have also been carried out.

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

The finances of the Joint Board for 2013/14 will be audited by Audit Scotland who completed initial investigations into systems, including governance, during the year. An Audit Plan was completed which identified the main areas where they will direct scrutiny. These will be to ensure that the budget setting process is aligned to future spending requirements and to assess the effects of the Bishopbriggs Council Tax review on resources and performance.

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 over. These show that:-

- By far the majority of our stakeholders (98%) find us professional, courteous and helpful.
- 63% of queries or transactions are completed at the first point of contact and only 2% of matters are not concluded to the satisfaction of the stakeholder.
- Most users of Joint Board services (98%) are satisfied with the information and/or advice provided to them.
- Very high satisfaction levels are being maintained on a year-to-year basis.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS**

3.2 BEST VALUE (Cont'd)

	Year						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Survey Return Rate	26%	28%	25%	25%	23%	28%	27%
Was the person with whom you communicated professional, courteous and helpful?	97%	97%	97%	98%	98%	97%	98%
Was the matter brought to a satisfactory conclusion immediately?	58%	62%	58%	62%	58%	55%	63%
Was the matter brought to a satisfactory conclusion?	95%	98%	97%	98%	98%	96%	98%
Are you satisfied with the quality of the information or advice given to you?	95%	96%	96%	96%	96%	96%	98%

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	97.2%
	Non-white	2.8%
Gender	Male	46.8%
	Female	53.2%
Disability	Disabled	12.3%
	Able-bodied	87.7%
Sexual orientation	Heterosexual	97.6%
	Other	2.4%
Marital status	Married	69%
	Never Married	11.6%
	Other	19.4%
Age	16-21	0.4%
	22-30	4.3%
	31-40	11.7%
	41-50	19.9%
	51-60	27.4%
	61-65	10.30%
	66-70	10.30%
70+	15.7%	

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

3.2 BEST VALUE (Cont'd)

Sample sizes within the various equalities groups were clearly too small to draw firm conclusions and in some cases the information proved to be contradictory. The results will be monitored further to ensure that we are carrying out our functions in a fair and equal manner.

Complaints Procedure

In November 2012, the Joint Board approved a new Complaints Procedure which was in line with the Public Sector Ombudsman's Model Complaints Handling Procedure.

There were a total of 21 Complaints received during 2013/14 with all but 1 of these related to Electoral Registration. The key theme which arose from the Electoral Registration complaints was dissatisfaction with the wording on envelopes sent out with the annual canvas forms however this has to be put in the context of over 190,000 forms being issued to householders. Further, with the introduction of Individual Electoral Registration, the next major write out will be required to use envelopes with a prescribed set of wording so reacting directly to the complaints will not be possible.

All complaints were resolved at the frontline resolution stage. Most complaints (14) were resolved on either the day of receipt or the day after and all complaints were resolved within 20 working days. There were no referrals to the Scottish Public Sector Ombudsman.

3.3 EQUALITIES

The Joint Board's Management Team is committed to the equalities agenda.

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

Arising from the Specific duties which were subsequently established by the Scottish Government, a "Public Sector Equalities Duty" document which:-

- Reported on our progress in relation to 'Mainstreaming' our equalities duties.
- Reported on various staffing matters as they apply to the protected characteristics, and
- Identifies the Board's Equality Outcomes

was submitted to the Equality & Human Rights Commission in April 2013. The document states our intended 'Outcomes' to be:-

- To increase the representation of men and women in roles where gender segregation is evident.
- To maximise opportunities for young people to enter the workforce.

Actions will be taken where possible to achieve these outcomes and various reporting mechanisms are in place to monitor progress.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

3.4 STAFFING MATTERS

Development and Training

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

In 2013/14 training was provided through externally sourced courses, in-house training events and e-learning facilities in subjects as diverse as preparations for Individual Electoral Registration, Attendance Management, Data Security and Geographic Information Systems. One member of staff was engaged in the final stages the RICS Assessment of Professional Competence with a view to presenting in May 2014. Formal external training is ongoing for one Trainee Valuer and one Trainee Technician. Two members of the Management Team commenced the Association of Electoral Administrators' Certificate course. Equalities training included a refresher for all staff on the Language Line Translation service to which the Board subscribes.

Personnel Policies

In June 2013 the Joint Board approved a new Parental Leave Scheme which aims to provide support and assistance to employees with caring responsibilities, particularly for young children.

In November the Joint Board approved a new Attendance Management Policy which replaced the existing Maximising Attendance Policy. The new policy aims to provide staff with more consistency of approach, more support to their health and return to work and removes the referral to disciplinary procedures that existed within the superseded policy.

Extra Mile Award

To encourage staff to contribute to improvement initiatives and to recognise examples of where staff had displayed commitment, application or innovation, the Joint Board introduced an 'Extra Mile Award' during 2010/11. Some excellent nominations were received from staff throughout the 2013/14 year with Senior Valuer Jennifer MacLachlan being selected for the 2013/14 award for her particular attention to 'customer' service.

3.5 FREEDOM OF INFORMATION

In May 2013, a 'Guide to Information' along with an application to adopt the Model Publication Scheme for local government was submitted to the Scottish Information Commissioner for both the Assessor & ERO and the Joint Board. These documents commit us to publication of an enhanced range of documents and information, most of which can be accessed 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 2013, a total of 10 requests which specifically referred to the Freedom of Information Act were received. All were answered within the statutory timescales with the average response being issued in less than 10 days. Information was provided in full for 7 requests, partially for 2 and the requested information was not held for the remaining 1 request. The two partial refusals both cited exemption where the disclosure of the information would substantially prejudice the assessment or collection of any tax or duty. Dealing with such requests took over 27 hours of staff time and no fees were charged.

In line with a request from the Information Commissioner, we now provide quarterly statistics on requests received and their outcomes.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

3.6 PARTNERSHIPS

The Valuation Joint Board is actively involved in several partnerships but the most significant of these is the staff's membership of the Scottish Assessors' Association. The Association is constituted to facilitate a consistency of approach in the administration of the non-domestic rating valuation, council tax and electoral registration services across Scotland. It works through a series of Committees and associated Working Groups, which report to regular plenary sessions that are attended by representatives from all Assessors' offices. My tenure as President of the Association came to an end in May 2013 though I still serve on the Executive Committee of the Association.

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 2013/14 the Association was heavily involved in consultations relating to legislation, guidance and process design for Individual Electoral Registration and the extension to the franchise for the Referendum on Scottish Independence. The Association also led on 'test' rating appeal cases relating to Mobile Telecommunications Networks and Micro-Hydro Generation plants.

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. It also met regularly with, and acted as a consultative body to, the Scottish Government

The planning for, and provision of, Electoral Registration services is assisted by guidance received from the Electoral Commission and by representation within the EMB and the Association of Electoral Administrators. Implementation of IER will only be achieved through close working with the Cabinet Office Electoral Registration Transformation Project team.

The Valuation Joint Board procures all of its 'back-office' functions including human resources, legal support, ICT support and financial services from West Dunbartonshire Council. This arrangement has, as reported above, now been formalised by way of a Service Level Agreement.

4.0 CONCLUSION

2013/4 was my tenth year as Assessor and ERO for Dunbartonshire and Argyll & Bute Valuation Joint Board and it was one which was characterised by high levels of appeal activity in relation our valuation functions and by change, and the prospect of further change, in relation to Electoral Registration and other areas of function.

The statutory date of 31st December 2013 for disposal of 2010 Revaluation appeals was always going to ensure that there would be a significant amount of activity during the year but the exceptionally high volumes of 'material change of circumstance' appeals that had been submitted subsequent to the Revaluation meant that the scheduling for disposal was like little that had been seen before, in recent years at least.

More unexpected was the need to review a whole tranche of Council Tax bands in one area of Bishopbriggs. This exercise, which arose from a combination of Valuation Appeal Committee decisions and local press activity, diverted resources from our general maintenance activity and undoubtedly had an effect on other areas of performance.

Despite that our measured performance remained at high levels and our customer satisfaction levels were excellent. I must thank all the staff involved in providing the valuation services, both technical/professional and their clerical/administrative support, for their efforts throughout the year.

Our Electoral Registration functions were affected by, and concentrated on, the preparations for the implementation of IER and it is to the credit of all staff involved that we completed the revised canvass and publication of registers with improved outcomes and carried out the Personal Identifier refresh for Absent Voters within the relevant timetable.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

4.0 CONCLUSION (Cont'd)

The year ahead will undoubtedly be one of the most challenging as we adopt new ICT systems and introduce the new processes required to implement IER. The biggest challenge of all may be the public and their reaction to requests for Personal Identifier information such as date of birth and National Insurance Numbers and our follow-up activities are likely to be multiplied several-fold. The co-operation of staff will be essential as we move through this transitional year and into the revised 'Business-as-Usual' phase in 2015/16.

Other areas of function which have changed over the last year include aspects of the Freedom of Information and Equalities regimes and, on as well as these externally driven changes, the Management Team was added to with the appointments of Depute Assessor & ERO, Robert Nicol and Divisional Assessor, Barry McEwan. I look forward to working with both of them into the future and to their input into the various Management Planning activities carried out by the Management Team.

I would like to take this opportunity to thank the staff, management and members of the Joint Board for their endeavour, effort, co-operation and no shortage of skill throughout the year. We have delivered, and I have no doubt that we will continue to deliver, largely through the application of staff, the planning of managers and the support we get from our partners.

The Joint Board could not function without the support of a number of departments within West Dunbartonshire Council and I would like to extend my thanks to all relevant WDC officials, particularly to the Treasurer and Clerk to the Board and their staff.

I would also like to thank the Joint Board and, in particular, the Convenor and Vice Convenor for their support.

The forthcoming year is likely to be notable for many reasons, not least the outcome of the Referendum on Independence. We must ensure that we play our part in ensuring that the referendum is delivered in accordance with the legislation and in a manner whereby the result can be trusted. The proximity of that electoral event to the commencement of transition to IER will undoubtedly be challenging and we will have to be prepared.

There is little doubt that these challenges will need to be met within a tight, and tightening, budgetary environment. The challenge for the years ahead will therefore be to ensure that we remain focussed on the statutory nature of our duties and continue to provide the public with efficient services which meet their performance expectations.

David C Thomson
Assessor and Electoral Registration Office
24 September 2014

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Foreword by the Treasurer

The purpose of these financial statements is to provide clear information about the Joint Board's financial position as at 31 March 2014. This foreword is intended to give the reader an easy to understand guide to the most significant matters reported in the financial statements.

Comprehensive Income and Expenditure Statement

This account covers the day to day operational expenditure of the Joint Board and is shown on page 33 of the financial statements. The Joint Board's 2013/14 budget was constructed to break even using £85,528 of balances.

The Valuation Joint Board's financial position at 31 March 2014 may be summarised as follows:

	Budget £	Actual £	Variance £
Net Expenditure	2,749,988	2,555,394	(194,594)
In-year Constituent Contribution	(2,664,460)	(2,664,460)	0
Overall (surplus)/ deficit	<u>85,528</u>	<u>(109,066)</u>	<u>(194,594)</u>
Use of Reserves	(85,528)	0	85,528
Final Net reduction to general reserves balance	<u>0</u>	<u>(109,066)</u>	<u>(109,066)</u>

The above variance analysis is a restatement of the Comprehensive Income & Expenditure Statement (page 33) and the Movement in Reserves Statement (page 31). In order to reconcile the Net Expenditure/Income (above) to these statements the Net Cost of Service of £2,732,909 plus Finance Investment Income of £172,683 less Government Grant Income of £50,475 less Total Statutory Adjustments of £299,723 (page 31) equals £2,555,394.

The major variances were as follows:

	Variance £	Comments
Employee Costs	114,873	This underspend is mainly due to delaying and non filling of employee vacancies; delayed progression through formal training and no early retirements or severance payments.
Property	17,934	This underspend is due to lower than anticipated expenditure on energy and repairs and maintenance.
Supplies and Services	38,899	This underspend is across a number of headings (such as postages, computer licences, telephones, printing and stationery).

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Foreword by the Treasurer (Cont'd)

Balance Sheet

The balance sheet is shown on page 34 and features an assessed pension fund liability of £4.544m based on the valuation of the fund at 31 March 2014. This results in the Board's Balance Sheet showing a net liabilities position. Further information on the pension fund is provided in note 3 on pages 44 to 48 the valuation states that assets held at the valuation date were sufficient to cover only 75% of the accrued liabilities. It is considered appropriate that the Financial Statements should follow a 'going concern' basis of accounting. Statutory arrangements with the constituent local authorities means that the financial position of the Board remains assured.

The pension scheme net liability has increased by £0.734m as advised by the appointed actuaries. 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.

On 1 April 2013, the Board implemented a change of accounting policy relating to the June 2011 amendments to the accounting standard IAS 19 Employee Benefits. The key change relates to the expected return on assets. In order to permit a meaningful comparison between financial years, some figures in the previous year's audited financial statements have been amended. The effects on the financial statements are detailed on page 53, Note 17 Explanation of Prior Year Adjustment

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 (13/14 £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 2014 the Board held total usable reserves of £538,956 (of which £68,362 relates to unapplied capital reserves). With the remaining balance comprising revenue reserves of £470,594. Once the earmarked balances (£72,745) have been accounted for, this leaves £397,849 of general reserves for future use (including £100,000 prudential reserve above).

Group Financial Statements

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

Acknowledgement

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

Stephen West
Treasurer
24 September 2014

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Remuneration Report

Introduction

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

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 Retrial and Voluntary Severance. It excludes pension contributions paid by the Board. Pension contributions made to a person's pension are disclosed as part of the pension benefits disclosure.

Remuneration of Senior Employees

	Year ended 31 March 2014					2012/2013
	Gross Salary, Fees & Allowances £	Bonuses £	Taxable Expenses £	Non-cash expenses & benefits in-kind £	Total remuneration £	Total remuneration £
David Thomson Assessor & Electoral Registration Officer	92,039	0	0	0	92,039	92,267
Alistair Boyd Depute Assessor (from 01/04/09 to 01/09/13)	33,877	0	0	0	33,877	75,456
Robert Nicol Depute Assessor (from 30/09/13 to present)	33,813	0	0	0	33,813	0

Notes

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

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Remuneration Report (Cont'd)

Remuneration of Employees receiving more than £50,000

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

Remuneration Bands	£	Number of Employees	
		2013/2014	2012/2013
50,000 - 54,999		2	2
70,000 - 74,999		0	1
90,000 - 94,999		1	1
Total		3	4

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 2014	For year to 31 March 2013
	£	£
David Thomson	17,764	17,547
Alistair Boyd	6,538	14,038
Robert Nicol	6,526	0

	Accrued pension benefits – pension		Accrued pension benefits – lump sum	
	For year to 31 March 2014	For year to 31 March 2013	For year to 31 March 2014	For year to 31 March 2013
	£	£	£	£
David Thomson	34,584	32,726	80,795	79,995
Alistair Boyd	36,776	36,232	94,247	94,149
Robert Nicol	20,343	0	42,673	0

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Remuneration Report (Cont'd)

Pension Benefits of Senior Employees (Cont'd)

1. The LGPS is a “final salary” scheme and provides defined benefits on retirement for employee of the Board. The pension is based on the pensionable service (how long he or she has been a member of the LGPS) and his or her final pay. For most people, for service up to 31 March 2009, the annual pension is calculated by dividing their final pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. Pensions payable are increased annually in line with changes in the Consumer Price Index (CPI).
2. The lump sum, which is automatically paid when the person retires for service up to 31 March 2009, is three times his or her annual pension and is tax-free. There is no automatic lump sum for service after 31 March 2009. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.
3. A member’s contribution depends on his or her full-time equivalent pay and is payable at the rate on the following tranches of pay - up to and including £19,800 5.50%; above £19,800 and up to £24,200 7.25%; above £24,200 and up to £33,200 8.50%; above £32,200 and up to £44,200 9.50%; and above £44,200 12.00%.
4. The value of the accrued benefits in the above tables has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension age for members of the LGPS is 65.
5. The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government’ service, and not just their current appointment
6. The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 make provision for authorities to make discretionary payments to local government employees to pay compensation for premature retirement. There were no discretionary payments made to senior employees during the year.

Signed:	_____	Signed :	_____
	Assessor and Electoral Registration Officer		Treasurer
Date:	24 September 2014	Date:	24 September 2014

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

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.

The Treasurer's Responsibilities:

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

In preparing 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.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Annual Governance Statement

The Annual Governance Statement is included within the Financial Statements 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.

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.

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.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Annual Governance Statement (continued)

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 received 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 2014;
- 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 2014.

Performance Management

Examples of developments which have led to significant improvement in arrangements for control, governance or risk management within the Joint Board during 2013/14 include:

- Implementation of new Complaints Procedure in line with the PS Ombudsman's Model Scheme.
- Revised 'Ordering, Certification and Payment of Goods & Services procedure'
- Individual Electoral Registration (IER) Risk Register and Implementation Plans developed. IER training opportunities provided.
- Implementation of Service Level Agreement to cover Support Services provided by West Dunbartonshire Council
- Revised Financial Regulations approved by Joint Board
- Approval and Implementation of New Equalities Policy

The following areas were identified by the Assessor for further improvements in 2014/15:-

- Non-Domestic Rating and Council Tax KPI performance has stagnated in recent years
- Improve accountability of officers to Joint Board.
- Improve Security of ICT network/ communications.
- Risk of IER Transition and thereafter
- Ensure that all relevant staff are compliant with the requirements of their Job Description/Person Specification

***DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS***

Annual Governance Statement (continued)

Assurance

On the basis of the assurance provided, we consider the governance and internal control environment operating during 2013/14 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:	_____	Signed :	_____
	Assessor and Electoral Registration Officer		Treasurer
Date:	24 September 2014	Date:	24 September 2014

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Introduction to Financial Statements

The financial statements comprise the following primary statements:

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

Movement in Reserves Statement

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

Comprehensive Income and Expenditure Statement

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

Balance Sheet

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

Cash Flow Statement

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

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS**

Movement in Reserves Statement

2013/14

	Usable Reserves		Unusable Reserves				Total Reserves £
	Fund Balance £	Capital Requisition Unapplied Account £	Capital Adjustment Account £	Revaluation Reserve £	Pension Reserve £	Statutory Mitigation Account £	
Opening Balance as at 1 April 2013	361,528	77,488	787,488	85,152	(3,810,000)	(14,259)	(2,512,603)
Movements in Reserves							
Surplus or (Deficit) on provision of Services	(242,347)	0	0	0	0	0	(242,347)
Other Comprehensive Income and Expenditure	0	0	0	(60,533)	(475,000)	0	(535,533)
Total Comprehensive Income and Expenditure	(242,347)	0	0	(60,533)	(475,000)	0	(777,880)
Adjustments between accounting basis & funding basis							
Depreciation/ Impairment	86,879	0	(86,879)	0	0	0	0
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost.			157	-157	0	0	0
Pension Scheme Adjustment	259,000	0	0	0	(259,000)	0	0
Net Transfer to or from earmarked reserves required by legislation	5,534	0	0	0	0	(5,534)	0
Capital requisitions applied to fund capital expenditure	0	(9,126)	9,126	0	0	0	0
Capital requisitions unapplied	0	0	0	0	0	0	0
Total Statutory Adjustments	351,413	(9,126)	(77,596)	(157)	(259,000)	(5,534)	0
Increase/Decrease in Year	109,066	(9,126)	(77,596)	(60,690)	(734,000)	(5,534)	(777,880)
Balance at 31 March 2014	470,594	68,362	709,892	24,462	(4,544,000)	(19,793)	(3,290,483)
Total Usable		538,956	Total Unusable		(3,829,439)		

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS**

Movement in Reserves Statement

2012/13

	Usable Reserves		Unusable Reserves				Total Reserves £
	Fund Balance £	Capital Requisition Unapplied Account £	Capital Adjustment Account £	Revaluation Reserve £	Pension Reserve £	Statutory Mitigation Account £	
Opening Balance as at 1 April 2012	498,136	161,862	736,792	85,152	(2,823,000)	(16,793)	(1,357,851)
Movements in Reserves							
Surplus or (Deficit) on provision of Services	(312,752)	0	0	0	0	0	(312,752)
Other Comprehensive Income and Expenditure	0	0	0	0	(842,000)	0	(842,000)
Total Comprehensive Income and Expenditure	(312,752)	0	0	0	(842,000)	0	(1,154,752)
Adjustments between accounting basis & funding basis							
Depreciation/ Impairment	33,678	0	(33,678)	0	0	0	0
Pension Scheme Adjustment	145,000	0	0	0	(145,000)	0	0
Net Transfer to or from earmarked reserves required by legislation	(2,534)	0	0	0	0	2,534	0
Capital requisitions applied to fund capital expenditure	0	(84,374)	84,374	0	0	0	0
Capital requisitions unapplied	0	0	0	0	0	0	0
Total Statutory Adjustments	176,144	(84,374)	50,696	0	(145,000)	2,534	0
Increase/Decrease in Year	(136,608)	(84,374)	50,696	0	(987,000)	2,534	(1,154,752)
Balance at 31 March 2013	361,528	77,488	787,488	85,152	(3,810,000)	(14,259)	(2,512,603)
Total Usable		439,016	Total Unusable		(2,951,619)		

Note: The 2012/13 figures have been restated due to the changes in Accounting Policy pertaining to IAS 19 Post Employment Benefits. Note 17 provides an explanation of the adjustments to prior year's figures.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement

2012/13 Gross Expenditure £	2012/13 Gross Income £	2012/13 Net Expenditure £	Notes	2013/14 Gross Expenditure £	2013/14 Gross Income £	2013/14 Net Expenditure £
0	(31,476)	(31,476)				
Income						
				0	(29,662)	(29,662)
Expenditure						
2,085,851	0	2,085,851		2,160,701	0	2,160,701
102,898	0	102,898		102,351	0	102,351
44,133	0	44,133		46,528	0	46,528
203,422	0	203,422		252,812	0	252,812
29,194	0	29,194		34,178	0	34,178
136,055	0	136,055		130,812	0	130,812
				Depreciation, Amortisation & Impairment		
33,678	0	33,678	5/6	86,879	0	86,879
2,635,231	(31,476)	2,603,755		2,814,261	(29,662)	2,784,599
		(2,426,145)				
		0				
		(2,426,145)				
		177,610				
		(858)				
		136,000				
		0				
		135,142				
		312,752				
		842,000	3			475,000
		0				60,533
		842,000				535,533
		1,154,752				777,880

Note: The 2012/13 figures have been restated due to the changes in Accounting Policy pertaining to IAS 19 Post Employment Benefits. Note 17 provides an explanation of the adjustments to prior year's figures.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS**

Balance Sheet

2012/13 £	Notes		2013/14 £
872,973	5	Property, plant and equipment	734,687
<u>872,973</u>		Total Long Term Assets	<u>734,687</u>
876,171	7	Short Term Debtors	644,539
400	8	Cash and Cash Equivalents	400
<u>876,571</u>		Current Assets	<u>644,939</u>
(452,147)	9	Short Term Creditors	(126,109)
<u>(452,147)</u>		Current Liabilities	<u>(126,109)</u>
(3,810,000)	3	Net Pensions Liability	(4,544,000)
<u>(3,810,000)</u>		Long Term Liabilities	<u>(4,544,000)</u>
<u><u>(2,512,603)</u></u>		Net Assets/(Liabilities)	<u><u>(3,290,483)</u></u>
		Represented by:	
439,016	10/11	Usable Reserves	538,956
(2,951,619)	12	Unusable Reserves	(3,829,439)
<u>(2,512,603)</u>		Total Reserves	<u><u>(3,290,483)</u></u>

The unaudited Financial Statements were issued on 27 June 2014 and the audited accounts were issued for issue on 24 September 2014.

Stephen West
Treasurer
24 September 2014

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS**

Cash Flow Statement

2012/13			2013/14
£	Notes		£
		Operating Activities	
(2,719,460)		Grants	(2,714,935)
(31,476)		Sale of goods and rendering of services	(29,662)
<u>(2,750,936)</u>		Cash Inflows from Operating Activities	<u>(2,744,597)</u>
2,095,203		Cash paid to and on behalf of employees	2,400,739
574,869		Other payments for operating activities	335,049
<u>2,670,072</u>		Cash Outflows from Operating Activities	<u>2,735,788</u>
<u>(80,864)</u>		Net Cash Flows from Operating Activities	<u>(8,809)</u>
		Investing Activities	
81,721		Purchase of Assets	9,126
0		Other receipts from investing activities	0
<u>81,721</u>		Net Cash Flows from Investing Activities	<u>9,126</u>
		Financing Activities	
(857)		Interest Received	(317)
<u>(857)</u>		Net Cash Flows from Financing Activities	<u>8,809</u>
<u>0</u>		Net (Increase)/Decrease in Cash and Cash Equivalents	<u>0</u>
400	8	Cash and cash equivalents at the beginning of the reporting period	400
(400)	8	Cash and cash equivalents at the end of the reporting period	(400)
<u>0</u>			<u>0</u>

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Notes to the Financial Statements

Note 1 - Accounting Policies

1. General Principles

The Financial Statements summarises the Board's transactions for the 2013/14 financial year and its position at the year end of 31 March 2014. The Board is required to prepare an Annual Financial Statements by the Local Authority Accounts (Scotland) Regulations 1985. Section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 ("the Code") and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS).

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

2. Accruals of Income and Expenditure

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

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

3. Cash and Cash Equivalents

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

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

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

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

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Note 1 - Accounting Policies (Cont'd)

4. Changes in Accounting policies, Estimates and Errors

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

On 1 April 2013, the Board implemented a change of accounting policy relating to the June 2011 amendments to the accounting standard IAS19 Employee Benefits. The key change relates to the expected return on assets. In order to permit a meaningful comparison between financial years, some figures in the previous year's audited financial statements have been amended. The effects on the financial statements are detailed on page 53, Note 17 Explanation of Prior Year Adjustment.

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 effectively replaced with an equivalent figure using the discount rate.

Changes in accounting estimates are accounted for prospectively.

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

5. Charges to Revenue for non-current assets

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

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

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

6. Intangible assets

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

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

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

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

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.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

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.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

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 Account 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 pensions enhancements and replace them with the cost of the cash paid, including any amounts due and not paid at the year end.

Post Employment Benefits

Employees of the Board are members 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

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

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

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Note 1 - Accounting Policies (Cont'd)

9. Events after the reporting period

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

- Those that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements is adjusted to reflect this;
- Those that are indicative of conditions that arose after the reporting period – the Financial Statements 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. Exceptional items

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

11. Operating Leases

Board as Lessee

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

Board as Lessor

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

12. Provisions, contingent liabilities and contingent assets

Provisions

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

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

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

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Note 1 - Accounting Policies (Cont'd)

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

Contingent Liabilities

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

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

Contingent assets

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

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

13. VAT

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

14. 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 – 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.

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

31 March 2013		31 March 2014
£		£
20,300	Not later than one year	20,300
77,600	Later than one year and not later than five years	75,825
35,226	Later than five years	16,979
133,126		113,104

Note: The 2012/13 figures have been restated due to the accountancy treatment of accommodation leases.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Note 2 – Operating Leases (Cont'd)

Board as Lessee

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

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

31 March 2013		31 March 2014
£		£
5,976	Not later than one year	4,506
8,912	Later than one year and not later than five years	4,500
0	Later than five years	0
<u>14,888</u>		<u>9,006</u>

Note: The 2012/13 figures have been restated due to the accountancy treatment of the accommodation lease and other operating leases.

Note 3 – 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 2012/13 was 19.3%, and 2014/15 is set at 19.3%. In 2013/14, the Board paid an employer's contribution of £0.294m (2012/13 £0.289m).

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 retrials. There was no charge in 2013/14 (2012/13 no charge).

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.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Note 3 – Defined Benefit Pension Schemes (Cont'd)

2012/13		2013/14
£000		£000
	Net cost of services	
304	Current service cost	387
304		387
	Financing and investment Income and Expenditure	
136	Net Interest	173
136		173
440	Total post employment benefit charged to the Surplus or Deficit on the provision of Services	560
(1,103)	Return on plan assets	(285)
	Actuarial gains and losses arising on changes in financial	
1,961	Assumptions	765
(16)	Actuarial gains and losses arising on experience assumptions	(5)
1,282	Total post employment benefit charged to the comprehensive income and expenditure statement	1,035
	Movement in Reserves Statement	
(440)	Reversal of net charges made to surplus of deficit for post employment benefits	(560)
295	Actual amount charged against the General Fund balance in the year	301
	Employer contributions payable to Scheme	

Pension Assets and Liabilities

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

	2013/14	2012/13
	£000	£000
Fair value of plan assets	13,656	12,694
Present Value of defined benefit obligations	(18,043)	(16,352)
Net (liabilities)/assets in the Strathclyde Pension Fund	(4,387)	(3,658)
<u>Present Value of Unfunded Liabilities</u>	(157)	(152)
Pre Local Government Reorganisation		
Net pension asset/(liability)	(4,544)	(3,810)

For the Strathclyde Local Government Pension Scheme at 31 March 2014 the Board has a net liability £4,387,000 and for the unfunded liabilities a net liability of £157,000. The Board's net liability of £4,544,000 at 31 March 2014 reflects the future obligations to fund retirement benefits. This represents an increase in the net liability of £734,000 compared to the position at 31 March 2013.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Note 3 – Defined Benefit Pension Schemes (Cont'd)

Pension Assets and Liabilities (Cont'd)

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 6.7% as at 31/03/14, this is an increase from 4.5% as at 31/03/13.

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

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

2012/13		2013/14
£000		£000
13,777	Opening balance	16,504
304	Current service cost	387
664	Interest cost	747
104	Contributions by Members	104
1,961	Actuarial gains/losses in financial assumptions	765
(16)	Other Experience	(5)
(6)	Estimated unfunded benefits paid	(7)
(284)	Estimated benefits paid	(295)
16,504		18,200

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

2012/13		2013/14
£000		£000
10,954	Opening balance	12,694
1,103	Expected return on assets	285
528	Interest Income	574
104	Contributions by Members	104
289	Contributions by employer	294
6	Contributions in respect of unfunded benefits	7
(6)	Estimated unfunded benefits paid	(7)
(284)	Estimated benefit paid	(295)
12,694		13,656

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Note 3 – Defined Benefit Pension Schemes (Cont'd)

Pension Assets and Liabilities (Cont'd)

The Valuation Joint Board's share of the pension funds asset at 31 March 2014 comprised:

Asset Category	31 March 2014			31 March 2013		
	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	4,980	9	4,989	4,606	5	4,611
Private Equity	0	1,288	1,288	0	1,226	1,226
Real Estate	0	957	957	0	814	814
Investment funds and unit trusts	337	5,429	5,766	346	5,239	5,585
Derivatives	3	0	3	(2)	0	(2)
Cash and Cash Equivalent	0	653	653	0	460	460
Totals	5,320	8,336	13,656	4,950	7,744	12,694

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:

31/03/2013		31/03/2014
4.5%	Expected rate of return	6.7%
2.8%	Inflation/pension increase rate	2.8%
5.1%	Salary increase rate	5.1%
4.5%	Discount rate	4.3%

Mortality

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

	Males	Females
Current pensioners	21.0 years	23.4 years
Future Pensioners	23.3 years	25.3 years

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Note 3 – Defined Benefit Pension Schemes (Cont'd)

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)
Member life expectancy (1 year increase)	3%	546
Rate for discounting fund liabilities (0.5% decrease)	4%	796
Rate of pension increase (0.5% increase)	7%	1,222

The total employee contributions expected to be made to the Local Government Pension Scheme for 2014/15 is £295,000.

Note 4 – External Audit Costs

In 2013/14 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:

2012/13		2013/14
£		£
7,722	Fees payable for external audit services	7,722
(441)	Rebate against previous year	0
7,281		7,722

Note 5 – Property, Plant and Equipment

Figures 2013/14	Land & Buildings £	Plant & Equipment £	Total £
Cost or Valuation			
As at 1 April 2013	886,044	88,745	974,789
Additions	3,985	5,141	9,126
Revaluation	66,377	0	66,377
As at 31 March 2014	956,406	93,886	1,050,292
Accumulated Depreciation and Impairment			
As at 1 April 2013	(60,343)	(41,473)	(101,816)
Depreciation Charge	(5,866)	(16,573)	(22,438)
Impairment	(191,352)	0	(191,351)
As at 31 March 2014	(257,561)	(58,045)	(315,606)
Net Book Value at 31 March 2013	825,701	47,272	872,973
Net Book Value at 31 March 2014	698,845	35,841	734,686

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Note 5 – Property, Plant and Equipment (Cont'd)

Comparative Figures 2012/13

	Land & Buildings	Plant & Equipment	Total
	£	£	£
Cost or Valuation			
As at 1 April 2012	807,525	82,890	890,415
Additions	78,519	5,855	84,374
As at 31 March 2013	886,044	88,745	974,789
Accumulated Depreciation and Impairment			
As at 1 April 2012	(45,842)	(24,895)	(70,737)
Depreciation Charge	(14,501)	(16,578)	(31,079)
As at 31 March 2013	(60,343)	(41,473)	(101,816)
Net Book Value at 31 March 2012	761,683	57,995	819,678
Net Book Value at 31 March 2013	825,701	47,272	872,973

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 6 – 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:-

	2012/13		2013/14
	£		£
Balance at start of year:			
12,992 Gross carrying amount	12,992		0
(10,392) Accumulated amortisation	(10,392)		0
Net carrying amount at start of year	2,600		0
(2,600) Amortisation for the period	(2,600)		0
Net carrying amount at end of year	0		0
Comprising:			
12,992 Gross carrying amounts	12,992		0
(12,992) Accumulated amortisation	(12,992)		0
0	0		0

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Note 7 – Debtors

2012/13		2013/14
£		£
4,090	Other Entities and Individuals	5,092
872,081	Other Local Authorities	639,447
<u>876,171</u>		<u>644,539</u>

Note 8 – Cash and Cash Equivalents

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

2012/13		2013/14
£		£
400	Imprest	400
<u>400</u>		<u>400</u>

Note 9 – Creditors

2012/13		2013/14
£		£
5,467	Central Government Bodies	27,324
133,586	Other Entities and Individuals	88,199
313,094	Other Local Authorities	10,586
<u>452,147</u>		<u>126,109</u>

Note 10 – 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.

Opening Balance at 1 April 2013	£
Gains/(Losses) on the fund	361,528
Closing Balance at 31 March 2014	<u>109,066</u>
	<u>470,594</u>

The revenue reserves balance stands at £470,594 on 31 March 2014, of which £48,745 was applied to balance the 2014/15 budget and £24,000 earmarked for Electoral Participation and Individual Electoral Participation, leaving an unearmarked balance of £397,849.

The main earmarked income is held for:-

	£
Maximising Registration in under-registered groups (Electoral Participation)	7,927
Change management in the transition to Individual Electoral Registration	16,073
	<u>24,000</u>

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Note 11 – 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.

2012/13		2013/14	2013/14	2013/14
£		£	£	£
0	Contributions from Authorities	0		
161,862	Unapplied Capital contributions b/forward		77,488	
0	Capital Financed through Current Revenue		0	
0	Capital expenditure incurred during the year:			77,488
(5,855)	Upgrade PC's		(5,141)	
(78,519)	Upgrade to buildings		(3,985)	(9,126)
77,488	Unapplied Capital contributions c/forward			68,362

Note 12 – Unusable Reserves

31 March 2013		31 March 2014
£		£
787,488	Capital Adjustment Account	709,892
85,152	Revaluation Reserve	24,462
(3,810,000)	Pension Reserve	(4,544,000)
(14,259)	Statutory Mitigation Account	(19,793)
(2,951,619)	Total Unusable Reserves	(3,829,439)

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.

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.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

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 13 – Contingent Assets & Liabilities

The Board has not identified any Contingent Assets and Liabilities.

Note 14 – Contributions from Authorities

2012/13		2013/14
£		£
1,167,098	Argyll & Bute Council	1,281,605
605,290	East Dunbartonshire Council	664,783
653,757	West Dunbartonshire Council	718,072
<u>2,426,145</u>		<u>2,664,460</u>

Note 15 – Government Grants

The Board received a total of £74,475 of government grants in 13/14 for the work carried out by the Principal Admin Officer in her role as Scotland Regional Delivery Manager for Individual Electoral Registration plus other associated costs and for costs associated with the Scottish Independence Referendum. The Board credited £50,475 of grants in 2013/14 as shown below with £24,000 being earmarked for 2014/15.

2012/13		2013/14
£		£
0	Cabinet Office	36,848
0	Scottish Government	13,627
<u>0</u>		<u>50,475</u>

Note 16 – Related Parties

It is a requirement of the Code that material transactions with related parties (i.e organisations with which the Board can influence or be influenced by) should be disclosed. The Board forms Group Accounts with three local authorities, namely West Dunbartonshire Council, East Dunbartonshire Council and Argyll & Bute Council. Sums paid by the local authorities to the Board are detailed in Note 14.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Note 17 – Explanation of Prior Year Adjustment

As a result in the changes in Accounting Policy relating to IAS 19 Post Employment Benefits 2012/13 figures have been restated, please refer to Note 3 Defined Benefit Pension Scheme, pages 44 and 48. These changes have had an impact on the 2012/13 Movement in Reserves Statement; Comprehensive Income & Expenditure Statement

The effects of the restatement on the financial statements are showing below (only those lines that have changed are shown):

Comprehensive Income and Expenditure Statement

	As Previously Stated 2012/2013 £000	Amendment 2012/2013 £000	As Restated 2012/2013 £000
Financing and Investment Income and Expenditure	26	(110)	136
(Surplus) or Deficit on the Provision of Services	203	(110)	313
Actuarial (gains) or losses on pension fund assets and liabilities	952	110	842
Other Comprehensive Income and Expenditure	952	110	842

Movement in Reserves Statement – Usable Reserves 2012-13

	As Previously Stated 2012/2013 £000	Amendment 2012/2013 £000	As Restated 2012/2013 £000
(Surplus) or Deficit on the Provision of Services	203	(110)	313
Total Comprehensive Expenditure & Income	203	(110)	313
Adjustments between Accounting basis and Funding Basis under Regulations	35	110	145
Total Statutory Adjustments	66	110	176

Movement in Reserves Statement – Unusable Reserves 2012-13

	As Previously Stated 2012/2013 £000	Amendment 2012/2013 £000	As Restated 2012/2013 £000
(Surplus) or Deficit on the Provision of Services	952	110	842
Total Comprehensive Expenditure & Income	952	110	842
Adjustments between Accounting basis and Funding Basis under Regulations	35	(110)	145
Total Statutory Adjustments	35	(110)	145

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

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

I certify that I have audited the financial statements of Dunbartonshire and Argyll & Bute Valuation Joint Board for the year ended 31 March 2014 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, and Cash-Flow Statement, the related notes and the Statement of Accounting Policies. 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 2013/14 (the 2013/14 Code).

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 body's circumstances 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. In addition, I read all the financial and non-financial information in the annual report and 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.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2013/14 Code of the state of the affairs of the body as at 31 March 2014 and of the income and expenditure of the body 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 2013/14 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985; and
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement does not comply with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Elaine Boyd (FCCA)
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow, G2 1BT

25 September 2014

***DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS***