



*Dunbartonshire and Argyll & Bute
Valuation Joint Board*

DRAFT

ANNUAL ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

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**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
DRAFT ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

JOINT BOARD MEMBERS AND OFFICIALS AS AT 31 MARCH 2023

ARGYLL & BUTE COUNCIL

Councillor Graham Archibald Hardie
Councillor Paul Donald Kennedy
Councillor Iain James MacQuire
Councillor Iain Shonny Paterson
Councillor Peter Wallace

EAST DUNBARTONSHIRE COUNCIL

Councillor Vaughan Moody (Convenor)
Councillor Stewart MacDonald
Councillor Jim Gibbons
Councillor Willie Paterson
Councillor Andrew Polson
Councillor Calum Smith

WEST DUNBARTONSHIRE COUNCIL

Councillor John Millar
Councillor Jonathan McColl
Councillor Lawrence O'Neill
Councillor Karen Conaghan
Councillor Gurpreet Singh Johal

OFFICIALS

Russell Hewton (Assessor & Electoral Registration Officer)
Darryl Rae (Depute Assessor & Electoral Registration Officer)
Alan Douglas (Clerk)
Laurence Slavin (Treasurer)

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MANAGEMENT COMMENTARY

GENERAL SERVICE AIMS AND OBJECTIVES

WHO WE ARE AND WHAT WE DO

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

OUR AIMS

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

COMMITMENTS

Within the constraints of the continuing tight public finance regime, we are committed to:

- Consulting our stakeholders, and listening and responding to their views.
- Valuing staff and providing them with opportunities to develop and contribute.
- Reacting innovatively to change.
- Encouraging innovation and recognising achievement within the organisation.
- Treating all stakeholders, including staff, in a fair, consistent manner.
- 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.
- Using and caring for the data we hold in an appropriate way.
- Working with our partners in the Scottish Assessors' Association (SAA) to ensure transparency and Scotland-wide consistency of approach to service delivery.

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1.0 INTRODUCTION

This report comprises the Board's Management Commentary to the Annual Accounts in relation to the 2022/23 financial year.

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

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

Throughout the year the operation, management and services of the Board continued to be affected, to varying extents by the COVID pandemic and the Government guidelines and restrictions introduced to control the outbreak. Notwithstanding, the main statutory duties of the Assessor and ERO were complied with. For most of the year, our employees operated with a mix of home and office working. From the start of February, our teams returned to office working, with the exception of those who have agreed agile working patterns through the recently agreed DABVJB Agile Working Policy.

The Non-Domestic Rates (Scotland) Act (2020), provided for substantial change in the Non-Domestic Rating (NDR) system. During the year, a raft of new secondary legislation was brought in to law. This has now provided clarity as to how many of the new processes will work. With each change, time is required to digest new legislation, formulate or review processes and procedures, implement system changes, and train our teams. Very often new legislation leaves little time for this process, before the new law comes in to force.

The Council Tax (Dwellings and Part Residential Subjects) (Scotland) Amendment Regulations 2021 implemented a requirement that, from April 2022, to be classed as self-catering holiday accommodation, premises must actually be let for at least 70 days in the financial year as well as the existing requirement of an intention to let for 140 days or more. Towards the end of March, requests for information were sent out to almost 2,500 ratepayers, seeking details which will allow us to test whether the new requirements were satisfied. This new requirement must be undertaken annually and is proving to be resource intensive. Where information is received, this must be checked against the requirement of legislation. Where no response is received, our teams will need to remove properties from the Non-Domestic Valuation Rolls, and add them to the Council Tax Valuation Lists with an appropriate band.

Maintenance activity in relation to the Council Tax List remained higher than in recent years, arising from an increase in new housing availability. A backlog of Council Tax Proposals and Appeals which built up during the pandemic are now being progressed.

The annual Electoral Register was published on 1 December 2022 following the annual canvass. Following the enactment of the Elections Act 2022, new processes and procedures are being rolled out. The first of these to effect the Electoral Registration function, was the roll out of Voter ID requirements for certain polls. Electors without recognised forms of official ID can now apply to the ERO for a Voter Authority Certificate (VAC). Our teams now have processes and procedures in place to receive and action applications for these.

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The Management Team continues to be the main forum for decision making within the organisation. It met regularly throughout 2022/23 to manage statutory functions and operations, and develop, implement and monitor policies and strategies. Personnel changes within the Senior Management Team were reflective of a year in which recruitment was a virtual constant. 2022/23 welcomed the appointment of a new Depute Assessor & ERO in March 2023, with the previous Depute gaining promotion into the Assessor & ERO post, following the retirement of the long standing previous Assessor & ERO in January 2023.

2.0 GENERAL PROGRESS IN RELATION TO STATUTORY FUNCTIONS

2.1 NON-DOMESTIC RATING

Aims

- To carry out a general revaluation as required by law, currently every 3 years.
- To timeously compile and maintain the Valuation Roll in accordance with the relevant legislation, to take account of new properties, properties which should no longer be entered in the roll, properties which have been altered, changes to the parties shown in the Roll and other changes arising from statute or other decisions of the Courts.
- To consolidate or improve upon the time taken between the date on which amendments to the Valuation Roll are effective and the date on which the Valuation Notice is issued.
- To publish the annual Valuation Roll and make it available to interested parties.
- To deal with proposals made by ratepayers following amendments made to Valuation Rolls by providing responses to grounds and evidence submitted. Where required, to prepare and present cases where decisions are appealed through the Courts and Tribunals Service.

2017 Revaluation

Subsequent to the 2017 revaluation, 3,569 appeals were submitted against the values of 3,460 subjects, reflecting an appealed Rateable Value (RV) of £252,557,705. The statutory date for disposal of these appeals by Valuation Appeal Committees was, after amendment, 31 December 2021.

By the statutory disposal date of 31 December 2021, 3,458 Revaluation appeals, representing 97% of those submitted, had been disposed of. Of the appeals disposed of, 67.7% were withdrawn and 32.3% were adjusted. The remaining 111 Revaluation appeals were referred to the Lands Tribunal for Scotland and therefore fall out of the general disposal schedule. Work continues on the disposal of these more complex appeals, with 59 now outstanding.

Maintenance of the Valuation Roll

The Valuation Roll was updated to take account of additions, alterations and deletions. 847 amendments were made during the year. The change year-on-year is summarised as follows:

Total No of entries @ 1st April 2022	15,207
Total Rateable Value @ 1st April 2022	£365.5 million
Total Number of entries @ 31st March 2023	15,134
Total Rateable Value @ 31st March 2023	£367.1 million

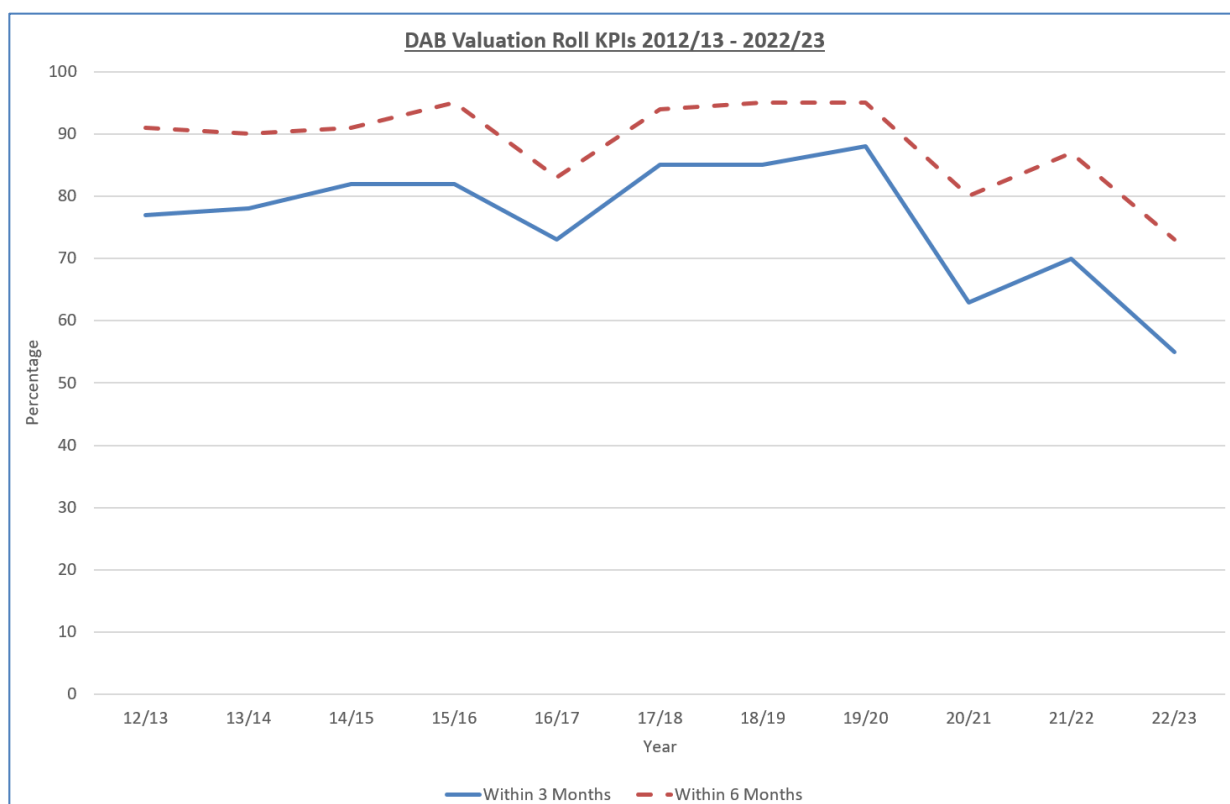
The national Key Performance Indicator in relation to non-domestic valuation is the time taken from the effective date of amendments to the date a Valuation Notice in respect of each change is issued. The following table sets out the targets and actual performance information for 2022/23:

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Period	DABVJB Actual 2022/23	Target 2022/23	All Scotland 2022/23
0-3 months	55%	70%	52%
3-6 months	18%	20%	19%
>6 months	27%	10%	29%

Performance in the last year slipped from the previous year. Ongoing restrictions on survey, home working and, most significantly, loss of staff and recruitment issues contributed to this drop, although the main workstream which was hugely resource intensive was the delivery of the 2023 Revaluation. Thus, our targets were not achieved.

The pattern of performance over a longer period is shown below. The dip in performance in 2016/17 is in line with the timing of the delivery of the 2017 Revaluation, albeit there was a 2 year run in (from the tone valuation date of 1 April 2015) in that instance. The 2023 Revaluation was delivered in a single year from the tone valuation date of 1 April 2022.



Lands Tribunal – 2005 and 2010 Appeals

Appeals which have been referred to the Lands Tribunal are of a complex nature or are likely to have national implications. At 31 March 2023, 4 appeals remain outstanding from the 2005 cycle and 19 appeals from the 2010 cycle.

2017 Running Roll Appeals

The number of roll appeals outstanding as at the 31 March 2023 was 1,520; the vast majority of which relate to the COVID outbreak.

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Number of appeals brought forward	4,891
Disposals	(3,462)
New appeals received	91
Number of appeals carried forward	1,520

In September 2021, the Scottish Government laid The Valuation and Rating (Coronavirus) (Scotland) Order 2021 which requires that, in calculating the rateable value of any lands and heritages, no account is to be taken of any matter arising directly or indirectly attributable to COVID. This Order took effect from 1 April 2021, effectively nullifying COVID related appeals made since that date.

The Scottish Government enacted the Non-Domestic Rates (Coronavirus) (Scotland) Act 2022. This has a similar effect to the 2021 Order but with effect from 2 April 2020.

The deadline for disposal of NDR appeals lodged after 1 January 2020 (until 31 March 2023) has again been extended, the most recent extension being until 31 December 2024.

Revaluation 2023

The next Revaluation took effect on 1 April 2023 with a valuation date of 1 April 2022.

The past year was subsumed with preparations for the Revaluation. The ingathering of rental information and subsequent analysis of these was undertaken, with our teams gaining an understanding of the property market at the valuation date. Other property specific information, including throughput/turnovers, building cost information, and details on usage levels were also collated and analysed, and used to inform valuations.

Much of this information was shared with other Assessors offices to allow the production of SAA Practice Notes, which provide for consistent approaches to the valuation of over 100 categories of property. Eight of these nationally used Practice Notes were authored by the Board's staff.

Certain public parks, parts of parks and buildings within parks which were previously exempt from entry in Valuation Rolls, are now contained within Valuation Rolls from 1 April 2023. Our teams were able to identify, using various different sources, 78 such subjects which then required survey and valuation for entry in the new Roll.

A further new obligation from the Barclay Reforms saw the creation of a Draft Valuation Roll for the first time. Our teams delivered this by the 30 November 2022 deadline, within only 8 months of the valuation date. Draft Valuation Notices were subsequently issued, and draft values published on the Assessors' portal. Another new feature followed; a period whereby ratepayers could make representations to Assessors on their draft valuations. This new additional workload proved time consuming for our teams, however all representations received prior to the cut-off for preparation of the publication of the Final Revaluation Roll on 15 March 2023 were considered. Final Valuation Notices were issued on 31 March 2023.

Revaluation 2026

Following review meetings with our teams, steps are in place to detail the actions we will take to deliver the next Revaluation on 1 April 2026, with a valuation date of 1 April 2025.

Other Non-Domestic Rating Reform

The introduction of a new 2-stage 'proposals' and 'appeals' process, which was scheduled to come into force on 1 April 2022 was delayed until 1 January 2023, to coincide with the transfer date of the functions of the local Valuation Appeal Panels to the Scottish Courts and Tribunals Service. Extensive work has been carried out to ready our systems and processes for dealing with these new procedures.

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Significant progress has been made towards making valuation details available at the Scottish Assessors web portal for a wider range of subjects than was previously the case. Currently around 11,240 (73%) subjects have their valuations available to view. This number is likely to increase as work on this project continues toward the 2026 Revaluation.

The SAA Portal now enables ratepayers to view rented property lists – these allow them to see what comparable subjects have been used to value their property. The list of property types that require such a list are prescribed in law. Our teams delivered this new obligation for the 2023 Revaluation.

The 2022/23 Scottish Government grant funding which was made available to fund new burdens brought in by NDR Reform, including the amount carried forward from 2021/22, was not fully exhausted and the underspend will be carried forward into 2023/24. Future funding to cover these continuing new burdens has been cut by £80,323 for the year 2023/24. How these new burdens will be funded thereafter remains unclear.

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 maintain or improve upon the time taken between the date that amendments to the Valuation List are effective and the date the Banding Notices are issued;
- To publish the Valuation List, make it available to interested parties;
- To deal with proposals/appeals by discussion with ratepayers or their agents, or by hearing of appeals before the appropriate court or tribunal; and
- To keep property records up to date to take account of alterations.

Maintenance of Valuation List

The year to 31 March 2023 saw 1,231 additions to the Council Tax List and a net increase in the number of dwellings shown in the Council Tax List as follows:

Total Number of entries @ 1st April 2022	147,021
Additions	1,231
Deletions	(279)
Total Number of entries @ 31st March 2023	147,973

The number of additions in the year remains at a high level.

Year	Additions to Council Tax List	Deletions from Council Tax List
2022/23	1,231	279
2021/22	1,395	505
2020/21	917	378
2019/20	1,061	787
2018/19	992	546
2017/18	832	450

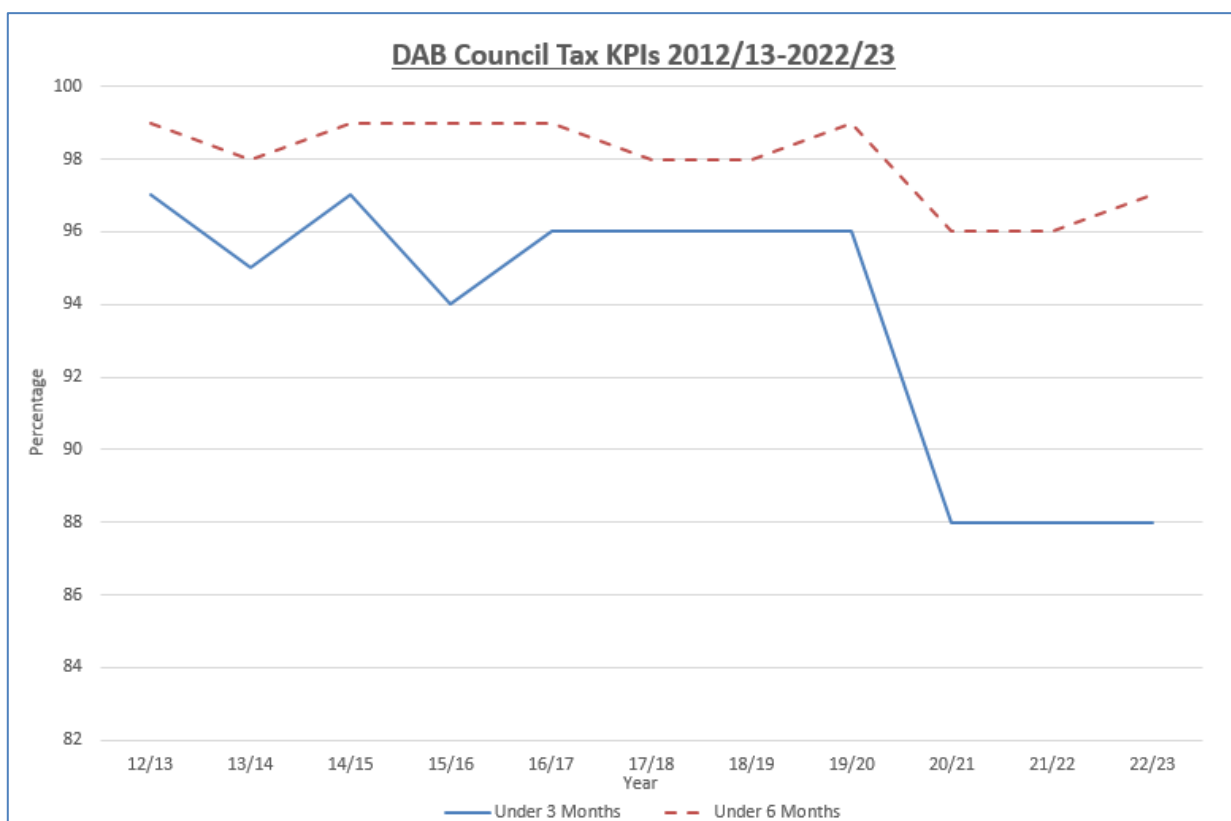
The national Key Performance Indicator in relation to Council Tax valuation is the time taken from the effective date of additions to the Valuation List to the date a Banding Notice in respect of each new entry is issued.

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The table sets out the target and actual performance information for 2022/23 compared with the actual figures for 2021/22. The table shows that performance was very much in line with 2021/22, narrowly missing our first target.

Period	DABVJB Actual 2021/22	DABVJB Target 2022/23	2022/23	
			DABVJB Actual	All Scotland Actual
Under 3 months	88%	90%	88%	84%
Under 6 months	96%	95%	97%	95%

The pattern of performance over a longer period is shown below. As with maintenance of the Valuation Roll, performance in this area of operation continued to be affected by the COVID restrictions and the extensive work on Revaluation and Barclay Reforms, as illustrated in the following chart:



Proposals and Appeals

During the year, 177 new proposals to alter entries in the Council Tax List were received and 136 proposals and appeals were disposed of, leaving 383 outstanding at the end of the year.

	2022/23	2021/22
Number of Proposals and Appeals brought forward	342	310
Disposals	(136)	(154)
New Proposals	177	186
Number of Proposals and Appeals carried forward	383	342

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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;
- To deal with applications for absent votes, collect and securely store Personal Identifiers and maintain relevant Absent Voters lists;
- To produce, distribute and make available for sale, copies of the Electoral Register in accordance with statutory arrangements and Electoral Commission performance standards;
- To encourage Electoral Registration in the three constituent Council areas; and
- To support the efficient running of electoral events within the Board area.

Electoral Registration and Publication of the Register

The Representation of the People (Annual Canvass) (Amendment) Regulations 2019 and The Representation of the People (Annual Canvass) (Miscellaneous Amendments) (Scotland) Regulations 2020 made provision for reform of the annual electoral canvass process to be amended in 2020. Since then, households where the electors have been data matched to either national or local data sources, received 'route 1' correspondence which do not require a response unless the elector details needed to be updated or changed. Households where the register did not match to other data sources, received 'route 2' correspondence which do require a response. A further, 'route 3' option to contact 'responsible persons' in establishments such as care homes was also effected.

EROs remain duty bound to make a 'personal contact' to households that do not make a response to a 'route 2' or 'route 3' form. As a result, a full door knock, amounting to visits to 20,913 households (15,144 in 2021), was carried out.

The return rates for Route 2 and Route 3 properties are shown below compared to the figures for 2021:

Local Authority	2021 canvass		2022 canvass	
	'Route 2/3' Forms issued	Return Rate	'Route 2/3' Forms issued	Return Rate
Argyll and Bute Council	8,300	50.83%	16,179	55.51%
East Dunbartonshire Council	7,079	55.22%	10,962	50.88%
West Dunbartonshire Council	9,706	30.54%	11,901	35.62%
Total	25,085	44.22%	39,042	47.89%

Several methods of making returns were offered to electors and a summary of the returns is shown below:

Method of Response	2021 Canvass		2022 Canvass	
	No of Returns	% age return	No of Returns	% age return
Post	3,684	14.7%	6204	6.48%
Electronic (web/phone/SMS)	5,656	22.5%	36,054	37.66%
Phone/Email contact	366	1.5%	662	0.68%
Door-to-door canvass	684	2.7%	1,079	1.13%
Verified as second home/long term empty	697	2.8%	1,847	1.93%
Returned/Empty/ Other	5	0.02%	6	0.01%
Total	11,092	44.22%	45,852	47.89%

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At publication on 1 December 2022, the electorate was 225,626 broken down as follows:-

Local Authority	Electorate
Argyll & Bute	69,693
East Dunbartonshire	87,091
West Dunbartonshire	68,842

The total electorate figure has fallen back since the peak level in November 2021.

Year	No of Electors
2022	225,626
2021	229,336
2020	224,800
2019	219,861
2018	219,637
2017	222,507
2016	221,078
2015	218,668

Absent Voters

The general downward trend in Absent Voter numbers since Individual Electoral Registration (IER) was introduced was reversed significantly in the run up to the Scottish Parliament Election (SPE) in May 2021, when a surge in applications related to the COVID outbreak increased the number of Absent Voters on the register. With significant numbers of these Absent Voters having opted to vote that way in that single event, Absent Voter numbers continue to fall from the peak year.

Year	No of Absent Voters
2022	46,058
2021	47,313
April 2021	49,846
2020	33,595
2019	33,916
2018	34,110
2017	35,918
2016	37,764
2015	38,376

Rolling Registration

Rolling Registration is the process of making changes to the register by way of monthly update. Previously, these updates were effected out with the canvass period but, since 2020, rolling registration procedures have run right through the canvass period. It is therefore no longer possible to split the annual changes arising from canvass and those arising specifically from rolling registration activities. During the financial year to March 2023, there were 12,285 additions, 12,854 deletions and 337 other amendments made to the registers for the Board area.

Electoral Performance

The Electoral Commission has now launched its revised Performance Standards regime and the SAA has agreed a set of KPIs to help benchmark services with a view to improving performance. Our first set of performance statistics were collated following publication of registers in December.

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Elections Act

The Act received Royal Assent in May 2022. Secondary legislation, which will provide many of the details of the administrative processes, is at various different stages.

This is a very significant piece of legislation that includes:-

- The requirement to provide Voter Identification (ID) to vote at reserved elections. This will require the production and distribution of Voter ID cards by the ERO where electors do not hold relevant approved documents. This service launched in January, although there are currently no polls in Scotland where Voter ID is required yet. That will follow later this year, and will be fully in place by October.
- Absent Voters on the UK Parliamentary Register will be required to reapply for their absent votes every three years. Alongside this, the ability to apply for an absent vote using an online service will be launched, although this will only apply to UK Parliamentary Registers.
- The extension of the overseas voting franchise by removal of the existing 15 year limit on overseas electors' right to vote in UK Parliamentary elections.

A small amount of funding (£0.007m) has been made available from the UK Government to support the ERO in implementing these changes.

Elections

Support was provided to Returning Officers who ran Local Government elections in May 2022.

In a similar fashion to the Scottish Parliamentary Elections in 2021, a Household Notification Letter was issued to each household in January 2022. Although there was a resultant rise in registration and absent vote application numbers, the impact was less significant than it had been the previous year.

All deadlines for supply of data for issue of poll cards and postal ballot packs to Returning Officers were achieved. On polling day, our staff covered the registration office throughout polling hours. 36 emergency proxy applications were approved in the lead up to the poll, with half of these being for Covid related reasons.

The follow up process for postal ballot papers which contained invalid signature or date of birth (or both), commenced on 26 May 2022 with a rejection notice being issued. A total of 402 notices were issued, with a reminder (97) being issued in June. No response was received to 22 notices, and in these cases, the elector was sent a removal of absent vote notice.

The team also supported National Park elections in July, and other by-elections and Community Council elections throughout the year.

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 in accordance with the Board's IT Strategy and the recommendations from West Dunbartonshire Council's ICT Service.

To facilitate the 2023 Revaluation, new systems for the analysis of rentals across the retail, office and industrial sectors were developed during the year.

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Additionally processes allowing the more efficient authorisation and the subsequent automatic population of the draft Revaluation Roll were implemented for almost all subjects.

The redevelopment of NDR systems to accommodate NDR reforms remains an ongoing focus for our ICT staff. Whilst the expansion of the portal valuations and the provision of rented property lists at the SAA portal occupied a great deal of time up until the publication of the Roll, focus thereafter shifted to a redevelopment of our proposal (appeal) handling system, to allow us to process proposals in line with new legislation.

Our Electoral Management System was upgraded several times throughout the year to provide functionality improvements and ensure continued compliance with requirements. The latest change introduced functionality in relation to Voter Authority Certificates. Our team continue to liaise with the supplier regularly.

We have continued to participate in the Scottish Assessors' web portal's Project Management Committee, Project Team and Working Groups to enhance the site (www.saa.gov.uk). In addition to a wider range of portal valuations, and rented property lists, a great deal of work was done to allow users the ability to submit proposals online, along with the necessary supporting evidence. A bulk submission system has also been launched for users with larger portfolios.

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 2021/22 Public Performance Report was published during the year on our web site (www.saa.gov.uk/dab-vjb/).

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, a number of actions were taken, or were ongoing, during 2022/23 which are detailed in the Annual Governance Statement on pages 25 to 28.

Audit

An internal audit took place during the year which focused on new digital processes introduced as a result of the pandemic. The final report made recommendations in three areas. Two of these have been fully addressed, and the third (due to the volume of work needed) is ongoing. The audit highlighted many inadequacies of the Assessors core system. The management team have begun investigating options to address these issues.

Customer Satisfaction

The process of seeking customer feedback was altered during the year. Instead of posting paper forms to random samples of users of the Board's services to seek their perception of the service provided to them, a link to our online form is now attached to most outgoing items of mail.

A summary of the results for the year is provided below:

	2018/19	2019/20	2020/21	2021/22	2022/23
Was the person with whom you communicated professional, courteous and helpful?	94%	98%	92%	97%	94%
Was the matter brought to a satisfactory conclusion immediately?	60%	61%	56%	64%	64%
Was the matter brought to a satisfactory conclusion?	93%	97%	89%	94%	94%

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Are you satisfied with the quality of the information or advice given to you?	93%	96%	90%	96%	93%
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No Customer Satisfaction forms were requested in alternative languages, Braille or other formats. Sample sizes within the various equalities groups were generally too small to draw firm conclusions. The results are monitored by management with any apparent variations within any of the groups with protected characteristics being followed up to ensure that we are carrying out our functions in a fair and equitable manner.

Complaints Procedure

The Board has, for some time, operated a Complaints Procedure which is in line with the Public Sector Ombudsman’s Model Complaints Handling Procedure (MCHP) and new procedures were introduced on 1 April 2021 in line with the SPSO’s Revised MCHP.

There were four complaints received during 2022/23, compared to eight in 2021/22. All of the complaints were made in respect of Electoral Registration services, and were resolved at the frontline resolution stage. The content and outcome of complaints are discussed at the regular management team meetings and any opportunities for organisational learning are implemented. Quarterly and annual reports on complaints are posted on our website.

Financial Performance

Comprehensive Income and Expenditure Statement

This account covers the day-to-day operational expenditure of the Board and is shown on page 30 of the Annual Accounts. On an accounting basis the deficit on the provision of service for the financial year reported in the Comprehensive Income and Expenditure Statement is £0.456m. However this takes account of Statutory Adjustments between the accounting and funding basis of (£0.382m) as shown in the Expenditure and Funding Analysis table shown on page 42. Thus, resulting in an in-year deficit of £0.074m as summarised below:

	Comprehensive Income & Expenditure Statement £000	Statutory Adjustments £000	Actual £000	Budget £000	Variance £000
Employee Costs	2,705	(388)	2,317	2,457	(140)
Property Costs	126	0	126	128	(2)
Transport Costs	23	0	23	45	(22)
Supplies & Services	275	0	275	303	(28)
Payments to Other Bodies	41	0	41	40	1
Support Services	123	0	123	123	0
Depreciation	14	(14)	0	0	0
Other Costs: (Pensions/Interest)	(8)	8	0	0	0
Total Expenditure	3,299	(394)	2,905	3,096	(191)
Requisition Income	(2,792)	0	(2,792)	(2,792)	0
Capital Income	(12)	12	0	0	0
Grant Income	(20)	0	(20)	0	(20)
Rental Income	(2)	0	(2)	(2)	0
Interest	(7)	0	(7)	0	(7)
Sales, Fees & Charges	(10)	0	(10)	(9)	(1)
Total Income	(2,843)	12	(2,831)	(2,803)	(28)
(Surplus)/Deficit for the year	456	(382)	74	293	(219)

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The main budget variances are shown below:

Spend Area	Variance £000	Comments
Employee	(140)	The favourable variance is mainly due to an increased rate of resignations and retirements along with delays in filling some vacancies, partly due to difficulties in attracting appropriate candidates.
Transport	(22)	Staff travel and subsistence has yet to return to pre-COVID levels.
Supplies & Services	(28)	One of the main reasons is an underspend on the costs associated with the Land Val Appeal Court which are dependent upon the number of VAC cases that proceed to hearing and the number of Lands Tribunal Referrals made. The other main reason is a reduction in demand led running costs ie printing, stationery and postages which fluctuate year on year.
Grant Income	(20)	The Board credited £0.013m of SPE grant carried forward within West Dunbartonshire Council Reserves and was in receipt of £0.007m new funding from the Department for Levelling Up, Housing & Communities.

Balance Sheet

The balance sheet shown on page 33 features an assessed pension fund asset based on the valuation of the fund at 31 March 2023 of £8.032m; an increase of £7.525m from the net asset reported last year of £0.507m. The main reason being a large increase in the discount rate (based on financial market conditions at 31 March 2023) which has driven a large reduction in the value placed on the obligations. The appointed actuaries remain of the view that the asset holdings of Strathclyde Pension Scheme and the contributions from employees and employers provide sufficient security and income to meet future pension liabilities.

Further information on the pension fund is provided in note 4 on pages 43 to 47 and the valuation states that assets held at the valuation date were sufficient to cover all of the accrued liabilities. It is considered appropriate that the Annual Accounts should follow a 'going concern' basis of accounting. Statutory arrangements with the constituent local authorities mean that the financial position of the Board remains assured.

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 (2022/23 £0.062m) or £0.100m, 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 2023 the Board held total usable reserves of £0.887m (of which £0.059m relates to unapplied capital reserves) with the remaining balance comprising revenue reserves of £0.828m. A proportion of this is identified as an earmarked balance (£0.432m) to balance the 2023/24 budget.

The Board received £0.181m from the Scottish Government passed onto to the board from constituent authorities for the implementation of the Barclay Review. This sum was added to the amount carried forward from 2021/22 of £0.058m, increasing the total budget available to £0.239m. The Board was unable to utilise the full budget, resulting in an underspend of £0.037m. This underspend has also been identified as an earmarked reserve as detailed in note 9 Balances and Reserves.

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The Board also received £0.007m from the Department for Levelling Up, Housing & Communities in relation to the additional costs associated with the implementation of the Elections Act 2022, specifically the Voter Identification Regulations and the Assistance with Voting for Persons with Disabilities (Amendments) Regulation 2022. Due to the late notification of this additional money, the Board was unable to utilise this funding, therefore, this grant will be carried forward into 2023/24 as an earmarked reserve, also detailed in note 9 Balances and Reserves.

Once the earmarked balances are accounted for, this leaves £0.352m of general reserves available for future use (including £0.100m prudential reserve as noted above).

The Board recognises the difficult financial climate facing public services and has continued to seek efficiencies where possible. The level of requisition made by the Board for 2022/23 remained the same as 2021/22.

Provisions and Contingencies

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

Group Annual Accounts

The Board has been determined to have an “associate” relationship with each of its constituent authorities and, as such, the Board’s results have been consolidated into each authority’s group income and expenditure Annual Accounts.

Risk Management

Risk Registers and the resultant Action Plan are revised annually. Inclusions in the Board (Strategic) Risk Register at the 2022 review were:

- The potential for the Board or its statutory officials to fail to meet their respective statutory duties, particularly with so much ongoing legislative change expected in the NDR function.
- The COVID-19 viral pandemic and the government guidance to combat its effects represent significant ongoing risks to the delivery of the Assessor and ERO’s statutory and other functions, and Joint Board employees’ health.
- Current and expected future local government settlements, with static or reduced funding, bring a number of related financial risks and/or risk of failure to meet statutory duties, particularly in light of the changes to NDR and the likely long term effects on public sector funding caused by the COVID outbreak.
- The potential failure to deliver a successful and accurate Revaluation in 2023 and/or implement the changes introduced by the Non-Domestic Rating (NDR) Reform Act.
- The dependency of the Board on ICT for delivery of its statutory functions and service delivery, including the risk of loss of data from these systems.
- The combined effect of the pandemic and tranches of material change of circumstance appeals submitted in March 2020 and March 2021, which must be disposed of by 31 December 2022, have resulted in a build-up of both NDR and Council Tax appeal workload.
- The potential for the Joint Board to fail to meet its duties or to maintain service levels in light of the loss and absence of staff, and associated recruitment difficulties in attracting experienced chartered surveyors.
- There is a risk that the ‘additional burdens’ of the Elections Bill and its secondary legislation cause failure to deliver on ERO’s statutory duties or have negative effects on other areas of service delivery.

As well as the Board Risk Register, which focusses on strategic risks, the Management Team annually review an Operational Risk Register and a number of other risk registers.

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

3.3 EQUALITIES

The Board's stated Equality 'Outcomes' are:

- We are seen as an inclusive equal opportunities employer where all staff feel valued and respected.
- Our Services meet the needs of, and are accessible, to all members of our community and our staff treat all service users, clients and colleagues with dignity and respect.
- The VJB has a reduced level of gender based occupational segregation.

Analysis of our staff survey, and customer satisfaction surveys throughout the year have indicated no equality issues.

At its meeting in August 2022, the Management Team noted that the recent staff survey informed that no respondents have experienced or reported harassment, discrimination or been disadvantaged because of protected characteristics. All of the respondents think the Board shows a good level of commitment to promoting equality and diversity.

The Board is due to report on progress with equality outcomes in 2023.

3.4 STAFFING MATTERS

Development and Training

During the year, the Board supported 10 of our staff who are undertaking various courses in education which will see them gain a relevant technical or professional qualification relevant to their role. With this figure being around 20% of our workforce, this remains a significant commitment from the organisation to ensuring the continued availability of qualified and experienced staff for the future.

Our recruiting managers carried out training in Recruitment and Selection, and all staff received training and guidance in matters of cyber security and records management.

Our Depute Assessor, who is also our Senior Responsible Officer for Data Protection, gained a practitioners certificate in Data Protection.

Refresher training was provided to all employees on Manual Handling, Equality and Diversity, and Health & Safety.

Workforce Planning/Staffing

Turnover of staff during 2022/23 remained high, with 11 resignations/retirements taking place throughout the year. This represents circa 20% of the total staffing number as at April 2023. During the year, three out of five Senior Management Team posts were filled after becoming vacant.

Various rounds of ongoing recruitment have resulted in replacement appointments to most vacancies but not all to the same posts or with the same qualifications and experience. Particular difficulties have arisen in relation to recruitment of Chartered Surveyors to Valuer posts.

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3.5 FREEDOM OF INFORMATION

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

Two requests related to Electoral Registration and three to NDR. Three requests were responded to in full, one request was refused on the basis of cost, and the final one related to information not held. No responses were subject to a request for Review. There were no recurring requests that could be satisfied by proactive publication of any particular information.

3.6 RECORDS MANAGEMENT

An invitation to make a submission to the Keeper of the Records under the Progress Update Review process by May 2022 was taken up, with an update being provided to the keeper.

The follow up report from the Assessment Team who evaluated the submission reported that they consider that Dunbartonshire and Argyll and Bute Valuation Joint Board continue to take their statutory obligations seriously and are working hard to bring all elements of their Records Management Plan into full compliance with the Act.

3.7 PARTNERSHIPS

The Board is actively involved in several partnerships with one of the most significant of these being the senior staff's membership of the Scottish Assessors' Association. More on the association can be found at <https://www.saa.gov.uk/about-the-saa/>.

Board staff are represented in the Association in all of its Category Committees, in working groups and as authors of Practice Notes. The co-operation and co-ordination of the Association is of critical importance in the completion, and defence of Revaluations.

During 2022/23, the Association was active as a consultative body in relation to secondary legislation arising from the 2020 Non-Domestic Rating (Scotland) Act and in relation to the transfer of powers from Valuation Appeal Committees to the Scottish Courts & Tribunals Service. The SAA has established a project plan for delivering the 2023 Revaluation, NDR reforms and other Barclay requirements.

The planning for, and provision of, Electoral Registration services is assisted by guidance received from the Electoral Commission and the Electoral Management Board for Scotland and by representation within the Association of Electoral Administrators. The Department of Levelling Up, Housing & Communities is an important stakeholder in respect of the modernisation of Electoral Registration services.

The Board obtains all of its 'back-office' functions including human resources, legal support, ICT support and financial services from West Dunbartonshire Council under a Service Level Agreement. Thanks are due to all of the West Dunbartonshire Council officials who support the Board.

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3.8 CONCLUSION

2022/23 was a year in which the effects of the pandemic, government restrictions and public health continued to affect aspects of our operations, albeit to varying extents, throughout the year. It also saw a time when normal operations resumed, albeit it with new, more modern practices, and more permanent agile working opportunities available for our staff.

The delivery of Local Government Elections was carried out in the context of the continuing effect of the global pandemic, with much having been learned from the Scottish Parliament elections a year prior.

The Elections Act (2022) continued to deliver significant change during 2022 and 2023 including the introduction of Voter ID cards.

Moving goalposts in relation to NDR reforms, the transfer of powers from Valuation Appeals Committees to the Tribunals Service, and the Government's various efforts to contain the effects of COVID-related NDR appeals have resulted in an almost constant sea of change, both during 2022/23 and forthcoming, in relation to NDR.

This amount of change has had to be planned for, implemented and managed in the context of a 20% turnaround in staff and a rebuild of the Management Team. Staff turnover is a fact of life but it is clear that loss of surveying staff, when taken with recent difficulties in recruiting qualified valuers, poses a risk to future service delivery.

The Board also recognised the retiral of David Thomson as Assessor and ERO, and chief official. David held the post for almost 19 years, making him the longest serving Assessor in the Board's history. David steered the organisation through many changes, including publishing 19 Annual Electoral Registers, delivering four Revaluations, introduction of Individual Registration, Non Domestic Rates Reform, Electoral Reform, and supporting our partner Returning Officers in countless Polls and Elections.

Thanks are due to all staff and management for their endeavour, effort and co-operation throughout the year. Similarly, thanks are due to the Board for their continued support.

Councillor Vaughan Moody
Convenor of the Board

Date: 23 June 2023

Russell Hewton
Assessor & Electoral Registration
Officer

Date: 23 June 2023

Laurence Slavin
Treasurer

Date: 23 June 2023

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

Introduction

The remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014. These Regulations require various disclosures about the remuneration and pension benefits of the Board and senior employees. All information disclosed in the tables 1-5 of the Remuneration Report will be audited by Mazars. The other sections have also been reviewed by Mazars to ensure that they are consistent with the Financial Statements.

Arrangements for Remuneration

No Councillors serving on the Board (including the Convenor and Vice-Convenor) receive any form of remuneration in respect of these roles.

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

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

Remuneration

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

Table 1: Remuneration of Senior Employees

Name	Position at 31/03/23	Year ended 31 March 2022/23		2021/22
		Salary, Fees & Allowances £000	Total Remuneration £000	Total Remuneration £000
Russell Hewton	Assessor & ERO (From 04/01/2023)	25 (FYE 110)	25 (FYE 110)	0
	Depute Assessor & ERO (01/04/23 to 03/01/2023)	70 (FYE 91)	70 (FYE 91)	14
David Thomson	Assessor & ERO (01/04/23 to 03/01/2023)	85 (FYE 110)	85 (FYE 110)	105
Darryl Rae	Depute Assessor & ERO (From 20/03/2023)	3 (FYE 91)	3 (FYE 91)	0

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

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

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Remuneration of Employees receiving more than £50,000

The Board's employees receiving more than £50,000 remuneration for the year were paid the amounts set in Table 2. 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 set out in Table 1.

Table 2: Remuneration

Bands £	Number of Employees	
	2021/2022	2022/2023
50,000 to 54,999	1	3
55,000 to 59,999	0	2
60,000 to 64,999	2	0
65,000 to 69,999	0	1
85,000 to 89,999	0	1
95,000 to 99,999	0	1
100,000 to 105,000	1	0
Total	4	8

Pension Benefits

For local government employees, the LGPS 2015 is a career average pension scheme. This means that pension benefits from 01/04/2015 are based on pensionable pay with inflation added.

Pension is accrued at a rate of 1/49 of pensionable pay for each scheme year. Pension benefits can be accessed from age 55 but are reduced for retirements prior to 60th birthday. Pension benefits accrued before 1 April 2015 are protected and are based on final pay on retiring.

From 1 April 2009, a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Table 3 below provides information on these tiered contribution rates.

Table 3: Contribution Rate

The tiers and members contributions rates for 2022/23 whole time pay	Contribution rate 2022/23
On earnings up to and including £23,000	5.5%
On earnings above £23,001 and up to £28,100	7.25%
On earnings above £28,101 and up to £38,600	8.5%
On earnings above £38,601 and up to £51,400	9.5%
On earnings of £51,401 and above	12%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of pay from 1 April 2015. Prior to this the accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service.

Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

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The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a 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. Retirement can be taken with receipt of benefits in full from the normal pension age. The normal pension age is 65 for any benefits built up before 1 April 2015. For pension built up from 1 April 2015, the Normal Pension Age is not fixed at age 65 but, instead, is the same as the State Pension Age (but with a minimum of age 65).

Pension Benefits of Senior Employees

Table 4: In-year contributions and accrued benefits

Name	For year to 31 March 2023			For year to 31 March 2022		
	In-year Contribution	Pension	Accrued Pension benefits Lump Sum	In-year Contribution	Pension	Accrued pension benefits Lump Sum
	£000	£000	£000	£000	£000	£000
Russell Hewton	20	2	0	3	0	4
David Thomson	17	58	91	22	56	92
Darryl Rae	1	0	0	0	0	0

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.

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.

Exit Packages

There were no exit packages during financial years 2022/23 and 2021/22.

Trade Union Facility Time

Facility Time generates benefits for employees, managers and the wider community from effective joint working between union representatives and employers.

Details of the Facility Time within the Board during the year to 31 March 2023 are shown in Table 5.

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Table 5: Trade Union

Trade Union Officials	Trade Union Representative
0	1
Percentage of Time Spent on Facility Time Percentage	Employees
Less than <1%	1
Total cost of facility time	
£0	
Total pay bill	
£2,263,308	
Percentage of Pay Bill Spent on Facility Time	
0.00%	
Paid TU Activities	
100%	

Councillor Vaughan Moody
Convenor of the Board
Date: 23 June 2023

Russell Hewton
Assessor and Electoral Registration Officer
Date: 23 June 2023

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
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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 the proper officer of the Board has responsibility for the administration of those affairs. In this Board, that officer is the Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- approve the Draft Annual Accounts for signature.

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

Councillor Vaughan Moody
Convenor of the Board
Date: 23 June 2023

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
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The Treasurer's Responsibilities:

The Treasurer is responsible for the preparation of the Board's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the Code of Practice on Local Authority Accounting in the United Kingdom.

The Treasurer's Responsibilities:

The Treasurer has also:

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

I certify that the Draft Financial Statements give a true and fair view of the financial position of the Board at the reporting date and the transactions of the Board for the year ended 31 March 2023.

Laurence Slavin
Treasurer
Date: 23 June 2023

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
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ANNUAL GOVERNANCE STATEMENT

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

Scope of Responsibility

The 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.

Governance Framework

The Board has approved and adopted a Code of Corporate Governance (the Code), a Code of Good Governance 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 the Board aims to deliver good governance and reviews the effectiveness of these arrangements on an annual basis.

Delivering Good Governance in Local Government Framework, published by CIPFA in association with Solace in 2007 and updated in 2016, sets the standard for local authority governance in the UK and applies to annual governance statements prepared for the financial year 2016/17 onwards.

While the Delivering Good Governance in Local Government Framework is written in a local authority context, most of the principles are applicable to the Board, and on the recommendation of our external auditors, the Board has adopted this process as part of its overall approach to governance.

In accordance with a Code of Good Governance which was approved by the Board in March 2018, a self-assessment against the above CIPFA framework is completed annually and an Action Plan agreed. The Management Team regularly monitor progress against the actions in the Action Plan. The Local Code of Good Governance and the Action Plan can be found on the Board's website at: <https://www.saa.gov.uk/dab-vjb/best-value/>

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 statutory duties, 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 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, and accounts to, its stakeholders.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
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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;
- clearly defined capital expenditure guidelines; and
- an effective Internal Audit service.

Review of Effectiveness

The Board has a responsibility for ensuring the continuing effectiveness of its governance framework and its system of internal financial control. The Shared Services Manager Audit & Fraud produces an annual audit plan based on a risk assessment of the Council's and the Board's systems and processes. The audit plan is approved by the Audit Committee of the Council. This Committee meets regularly and receives reports from the Shared Services Manager Audit & Fraud. The Board's external auditors also attend. The Shared Services Manager Audit & Fraud 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 Shared Services Manager Audit & Fraud 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 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 2023;
- the assessment of risk completed during reviews of the strategic audit plan;
- reports issued by the Board's External Auditors and other review bodies; and
- knowledge of the 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 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 Shared Services Manager Audit & Fraud, stating that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's internal control system in the year to 31 March 2023.

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Annual Performance

Examples of developments which have led to significant improvement in arrangements for control, governance or risk management within the Board during 2022/23 include:

- A review of the Code of Conduct, to reflect the Board's new Public Interest Disclosure Policy and make explicit the Board's zero tolerance to fraud and corruption, was finalised and presented to the Board for approval.
- Our Vision and Mission was reviewed, with an addition providing clarity that we will use and care for the data we hold in an appropriate way.
- Testing of our Business Continuity processes for Electoral Registration took place, with systems and processes performing as expected.
- To ensure its relevance and to reflect changing technologies, the Board's ICT Strategy was reviewed and updated, and approved by the Board.
- The Health and Safety Committees merged to form a single Health and Safety Working Group, enabling consistent approach and guidance to be applied throughout the whole organisation.
- Following an internal audit report, new procedures were put in place to define procedures for overtime working.
- Various NDR developments related to 'Barclay' recommendations, or arising from legislative change continued to be progressed. In particular, the back-office/ICT changes required to facilitate further expansion of valuations available at the SAA portal and making Portal Property Rental Lists available at Revaluation have been completed. ICT changes also facilitated automation of Revaluation processes, requiring over 15,000 less manual operations to be carried out.
- Redesign and redevelopment of the Boards systems to receive, log and manage NDR Proposals (formerly appeals) has commenced, to tie in with the launch of the new Proposal system on 1 April 2023, and the transfer of Valuation Appeal Committees functions to the Scottish Courts and Tribunal Service.
- A review of the 2021 annual electoral canvass resulted in minor improvements to the procedures adopted for 2022.
- Contingency arrangements were implemented in advance of the Local Government Elections in May 2022, to ensure delivery of service could continue in the case of further local or national outbreaks of COVID.
- The Boards scheme of Delegated powers was reviewed, and received a minor update.
- The Boards support services agreement with West Dunbartonshire Council received an extensive review, and was agreed by the parties.

The following areas were identified by the Assessor & ERO for further improvements in 2022/23:

- In line with best practice, officers will provide induction training to the Board members following the May 2022 election and the formation of a new Board. Although scheduled to happen during 2022/23, this did not take place and will be carried out during 2023.
- Continued consideration will be given to the secondary legislation which implements the Non-Domestic Rates (Scotland) Act 2020 Act. The Management Team, Valuation Working Group and our ICT Support Team will devise and amend procedures and systems, with a strong focus on the new Proposal (appeals) system that will come into effect on 1 April 2023.
- We will continue to review the annual canvass process in light of the outcomes of the 2022 canvass and in the context of the Electoral Commission's Performance Standards and the agreed SAA KPIs. The agreed KPI statistics will be collected and benchmarked against other Scottish EROs to further inform improvement action.
- Following an internal audit recommendation, work will continue in creating single instructions for the organisation.
- Following an internal audit recommendation, work will be carried out in formulating a long term work force plan.
- A renewed focus will be given to implementing our Records Management plan, with particular focus on compliance with retention policies.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
DRAFT ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

Assurance

On the basis of the assurance provided, we consider the governance and internal control environment operating during 2022/23 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.

Councillor Vaughan Moody
Convenor of the Board

Russell Hewton
Assessor & Electoral Registration
Officer

Laurence Slavin
Treasurer

Date: 23 June 2023

Date: 23 June 2023

Date: 23 June 2023

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
DRAFT ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

INTRODUCTION TO ANNUAL ACCOUNTS

The Annual Accounts comprise the following primary statements:

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

Comprehensive Income and Expenditure Statement

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

Movement in Reserves Statement

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

Balance Sheet

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

Cash Flow Statement

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

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
DRAFT ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2021/22 Net Expenditure £000		Notes	2022/23 Net Expenditure £000
	Income		
(11)	Customer Receipts		(12)
	Expenditure		
2,579	Employee Costs	2	2,705
108	Property Costs		126
11	Transport Costs		23
280	Supplies & Services		275
35	Payment to Other Bodies		41
123	Support Services		123
14	Depreciation, Amortisation & Impairment	2/6	14
3,139	Net Cost of Service		3,295
(2,837)	Revenue Contributions	13	(2,792)
(87)	Government Grants	14	(20)
(23)	Capital Contributions	10	(12)
(2,947)	Other Operating Income		(2,824)
192	Net Operating Expenditure		471
0	Interest Receivable		(7)
53	Net Interest on the net defined benefit liability/(assets)	4	(8)
75	Finance and Investment Income and Expenditure		(15)
245	(Surplus)/Deficit on provision of services		456
(3,428)	Remeasurement of the net defined benefit liability/(assets)	4	(7,914)
(39)	(Surplus)/Deficit arising from revaluation of property, plant and equipment		0
(3,467)	Other Comprehensive (Income) & Expenditure		(7,914)
(3,222)	Total Comprehensive (Income) & Expenditure		(7,458)

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
DRAFT ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

MOVEMENT IN RESERVES STATEMENT

2022/23

	Usable Reserves		Unusable Reserves				Total Reserves
	Fund Balance	Capital Requisition Unapplied Account	Capital Adjustment Account	Revaluation Reserve	Pension Reserve	Employee Statutory Mitigation Account	
	£000	£000	£000	£000	£000	£000	£000
Opening Balance as at 1 April 2022	902	55	600	74	507	(28)	2,110
Movements in Reserves							
Surplus or (Deficit) on provision of Services	(456)	0	0	0	0	0	(456)
Other Comprehensive Income and Expenditure	0	0	0	0	7,914	0	7,914
Total Comprehensive Income and Expenditure	(456)	0	0	0	7,914	0	7,458
Adjustments between accounting basis & Funding Basis							
Depreciation	14	0	(14)	0	0	0	0
Pension Scheme Adjustment	389	0	0	0	(389)	0	0
Net Transfer to or from earmarked reserves required by legislation	(9)	0	0	0	0	9	0
Capital requisitions applied to fund capital expenditure	(12)	12	0	0	0	0	0
Capital requisitions unapplied adjustments between accounting basis and funding basis under regulations	(0)	(8)	8	0	0	0	0
Total Statutory Adjustments	382	4	(6)	0	(389)	9	0
Increase/Decrease in Year	(74)	4	(6)	0	7,525	9	7,458
Balance at 31 March 2023	828	59	594	74	8,032	(19)	9,568
Total Usable		887	Total Unusable			8,681	

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
DRAFT ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

MOVEMENT IN RESERVES STATEMENT

2021/22

	Usable Reserves		Unusable Reserves				Total Reserves £000
	Fund Balance	Capital Requisition Unapplied Account	Capital Adjustment Account	Revaluation Reserve	Pension Reserve	Employee Statutory Mitigation Account	
	£000	£000	£000	£000	£000	£000	
Opening Balance as at 1 April 2021	694	41	605	35	(2,426)	(61)	(1,112)
Movements in Reserves							
Surplus or (Deficit) on provision of Services	(245)	0	0	0	0	0	(245)
Other Comprehensive Income and Expenditure	0	0	0	39	3,428	0	3,467
Total Comprehensive Income and Expenditure	(245)	0	0	39	3,428	0	3,222
Adjustments between accounting basis & Funding Basis							
Depreciation	14	0	(14)	0	0	0	0
Pension Scheme Adjustment	495	0	0	0	(495)	0	0
Net Transfer to or from earmarked reserves required by legislation	(33)	0	0	0	0	33	0
Capital requisitions applied to fund capital expenditure	(23)	23	0	0	0	0	0
Capital requisitions unapplied adjustments between accounting basis and funding basis under regulations	(0)	(9)	9	0	0	0	0
Total Statutory Adjustments	453	14	(5)	0	(495)	33	0
Increase/Decrease in Year	208	14	(5)	39	2,933	33	3,222
Balance at 31 March 2022	902	55	600	74	507	(28)	2,110
Total Usable		957	Total Unusable			1,153	

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
DRAFT ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

BALANCE SHEET AS AT 31 MARCH 2023

31 March 2022			31 March 2023	
£000	Notes		£000	
674	6	Property, plant and equipment	668	
674		Total Long Term Assets	668	
994	7	Short Term Debtors	972	
994		Current Assets	972	
(65)	8	Short Term Creditors	(104)	
(65)		Current Liabilities	(104)	
507	4	Net Pensions Asset/(Liability)	8,032	
507		Long Term Assets/(Liabilities)	8,032	
2,110		Net Assets/(Liabilities)	9,568	
		Represented by:		
957	9/10	Usable Reserves	887	
1,153	11	Unusable Reserves	8,681	
2,110		Total Reserves	9,568	

The unaudited Financial Statements were issued on 23 June 2023.

**Laurence Slavin
Treasurer
23 June 2023**

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
DRAFT ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

CASH FLOW STATEMENT

2021/22		2022/23
£000		£000
	Operating Activities	
(2,924)	Grants	(2,812)
(11)	Sale of goods and rendering of services	(12)
<u>(2,935)</u>	Cash Inflows from Operating Activities	<u>(2,824)</u>
2,238	Cash paid to and on behalf of employees	2,309
716	Other payments for operating activities	527
<u>2,954</u>	Cash Outflows from Operating Activities	<u>2,836</u>
<u>19</u>	Net Cash Flows from Operating Activities	<u>12</u>
	Investing Activities	
4	Purchase of Assets	8
(23)	Other receipts from investing activities	(13)
<u>(19)</u>	Net Cash Flows from Investing Activities	<u>(5)</u>
0	Financing Activities	
<u>0</u>	Interest Received	(7)
	Net Cash Flows from Financing Activities	<u>(7)</u>
<u>0</u>	Net (Increase)/Decrease in Cash and Cash Equivalents	<u>0</u>
0	Cash and cash equivalents at the beginning of the reporting period	0
0	Cash and cash equivalents at the end of the reporting period	0
<u>0</u>		<u>0</u>

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
DRAFT ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

NOTES TO THE ANNUAL ACCOUNTS

Note 1 - Accounting Policies

1. General Principles

The Annual Accounts summarise the Board's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023. The Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 1985. Section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code") and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS).

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

2. Accruals of Income and Expenditure

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

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

3. Cash and Cash Equivalents

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

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

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

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

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
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4. Changes in Accounting policies, Estimates and Errors

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

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

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

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

5. Charges to Revenue for non-current assets

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

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

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

6. Intangible assets

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

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

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

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.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
DRAFT ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

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; and
- 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; and
- Plant and equipment and other non -property assets – fair value. Where assets in this class have either short useful lives or low values (or both), depreciated historical cost is considered to be a proxy for fair value where the useful life is a realistic reflection of the life of the asset and the depreciation method provides a realistic reflection of the consumption of the asset class.

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

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

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

- Balance of revaluation gains for the asset in Revaluation Reserve – the carrying amount of the asset is written down against that balance (up to the total gain); or
- 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.

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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); or
- 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.

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.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
DRAFT ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

Any accrual made in relation to holiday pay only, is required under statute to be reversed out of the General Fund balance by a credit to the Employee Statutory Mitigation Account in the Movement in Reserves Statement.

Termination Benefits

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

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

Post-Employment Benefits

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

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

- The liabilities of the pension fund attributable to the Board are included within the Balance Sheet on an actuarial basis using the projected unit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based upon assumptions about mortality rates, employee turnover rates and projection of earnings for current employees),
- Liabilities are discounted to their value at current prices using a discount rate of 4.75% (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; and
- Split by Equity Securities, Debt Securities, Private Equity, Real Estate, Investment Funds, Derivatives, Cash.
- The change in the net pensions asset / liability is analysed into six 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;

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
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- 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; and
- 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.

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.

9. Events after the reporting period

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

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

10. Operating Leases

Board as Lessee

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

Board as Lessor

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

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DRAFT ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

11. 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.

12. 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.

13. 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.

14. VAT

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

15. Reserves

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

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

Note 2 – Expenditure and Funding Analysis

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

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In particular:

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

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

2022/23

	Net Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Employee Costs	2,317	388	2,705
Depreciation	0	14	14
Capital Income	0	(12)	(12)
Net Interest on the net defined benefit liability/(assets)	0	(8)	(8)
Total	2,317	382	2,699

2021/22

	Net Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Employee Costs	2,170	409	2,579
Depreciation	0	14	14
Capital Income	0	(23)	(23)
Net Interest on the net defined benefit liability/(assets)	0	53	53
Total	2,170	453	2,623

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Note 3 – Operating Leases

Board as Lessor

The Board leases out property under operating leases to provide suitable accommodation to Alpha Pets.

The minimum lease payments in future years are:

31 March 2022		31 March 2023
£000		£000
1	Not later than one year	2
0	Later than one year and not later than five years	5
0	Later than five years	0
<u>1</u>		<u>7</u>

Board as Lessee

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

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

31 March 2022		31 March 2023
£000		£000
3	Not later than one year	4
8	Later than one year and not later than five years	2
0	Later than five years	0
<u>11</u>		<u>6</u>

Note 4 – Defined Benefit Pension Schemes

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

The Board participates in the 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 2022/23 is set at 23.3% and 2021/22 was 23.3%. In 2022/23, the Board paid an employer's contribution of £0.332m (2021/22 £0.320m).

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 retirals. There was no Severance or Strain on the Fund Payments during financial year 2022/23 (2021/22 £0).

The Board fully complies with the international accounting standard (IAS 19) concerning the disclosure of information on pension.

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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.

2021/22		2022/23
£000		£000
	Net cost of services	
771	Current service cost	739
<u>0</u>	Past service cost (including curtailments)	<u>0</u>
771		739
	Financing and investment Income and Expenditure	
<u>53</u>	Net Interest	<u>(8)</u>
53		(8)
<u>824</u>	Total post-employment benefit charged to the Surplus or Deficit on the provision of Services	<u>731</u>
(1,464)	Return on assets excluding amounts included in net interest	1,166
(1,831)	Changes in financial assumptions	(9,960)
(171)	Changes in demographic assumptions	(196)
<u>38</u>	Other experience	<u>1,076</u>
<u>(3,428)</u>	Total remeasurements recognised in Other Comprehensive Income (OCI)	<u>(7,914)</u>
	Movement in Reserves Statement	
<u>(824)</u>	Reversal of net charges made to surplus of deficit for post-employment benefits	<u>(731)</u>
<u>320</u>	Actual amount charged against the General Fund balance in the year	<u>332</u>
	Employer contributions payable to Scheme	

The underlying assets and liabilities for retirement benefits attributable to the Board as at 31 March 2023 are as follows:

	2021/22	2022/23
	£000	£000
Fair value of plan assets	27,399	26,809
Present Value of defined benefit obligations	(26,673)	(18,558)
Net (liabilities)/assets in the Strathclyde Pension Fund	<u>726</u>	<u>8,251</u>
<u>Present Value of Unfunded Liabilities</u>	(219)	(219)
Pre Local Government Reorganisation		
Net pension asset/(liability)	<u>507</u>	<u>8,032</u>

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For the Strathclyde Local Government Pension Scheme at 31 March 2023 the Board has a net asset £8.251m and for the unfunded liabilities a net liability of £0.219m, resulting in an overall net pension asset of £8.032m at 31 March 2023. This compares to a net asset of £0.507m as at 31 March 2022, representing an improvement in the position of £7.525m.

The actual return on assets is based on long term future investment return for each asset class as at the beginning of the period. The actual rate of returns is (1.6%) as at 31/03/23, this is a decrease from 7.7% as at 31/03/22.

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:

2021/22		2022/23
£000		£000
27,971	Opening balance	26,892
771	Current service cost	739
0	Past service cost (including curtailments)	0
562	Interest cost	729
102	Contributions by Members	105
(1,831)	Actuarial gains/losses in financial assumptions	(9,960)
38	Other Experience	1,076
(9)	Estimated unfunded benefits paid	(10)
(541)	Estimated benefits paid	(598)
(171)	Changes in demographic assumptions	(196)
<u>26,892</u>		<u>18,777</u>

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

2021/22		2022/23
£000		£000
25,545	Opening balance	27,399
1,464	Expected return on assets	(1,166)
509	Interest Income	737
102	Contributions by Members	105
320	Contributions by employer	332
9	Contributions in respect of unfunded benefits	10
(9)	Estimated unfunded benefits paid	(10)
(0)	Other experience	0
(541)	Estimated benefit paid	(598)
<u>27,399</u>		<u>26,809</u>

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The Board's share of the pension funds asset at 31 March 2023 comprised:

Asset Category	31 March 2022			31 March 2023		
	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	6,024	13	6,037	5,235	48	5,283
Debt Securities	0	0	0	0	0	0
Private Equity	0	5,364	5,364	0	6,589	6,589
Real Estate	0	2,311	2,311	0	2,210	2,210
Investment funds and unit trusts	152	12,838	12,990	116	12,103	12,218
Derivatives	0	0	0	0	0	0
Cash & Cash Equivalent	688	9	697	371	137	508
Totals	6,864	20,535	27,399	5,721	21,088	26,809

Asset and Liability Matching Strategy (ALM)

The main fund (Fund 1) of Strathclyde Pension Fund does not have an 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.

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

	31 March 2023
Actual rate of return	(1.60%)
Inflation/pension increase rate	2.95%
Salary increase rate	3.65%
Discount rate	4.75%

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	19.3 years	22.2 years
Future Pensioners	20.5 years	24.2 years

Sensitivity Analysis

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

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	Approximate % increase to Employer Liability	Approximate monetary Amount (£000)
Rate for discounting fund liabilities (0.1% decrease)	2%	334
1 year increase in member life expectancy	4%	751
Rate of salary increase (0.1% increase)	0%	55
Rate of pension increase (0.1% increase)	2%	283

The total employer contributions expected to be made to the Local Government Pension Scheme for 2023/24 is £0.383m.

Note 5 – External Audit Costs

In 2022/23 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:

2021/22 £000		2022/23 £000
<u>8</u>	Fees payable for external audit services	<u>11</u>
8		11

Note 6 – Property, Plant and Equipment

Movements in costs or values	Land & Buildings £000	Plant & Equipment £000	Total £000
31 March 2021	621	181	802
Additions	0	9	9
Revaluations	22	0	22
31 March 2022	643	190	833
Additions	0	8	8
31 March 2023	643	198	841
Movements in depreciation and impairment			
31 March 2021	(18)	(144)	(162)
Depreciation charge	(4)	(10)	(14)
Reversal of depreciation on revaluation	17	0	17
31 March 2022	(5)	(154)	(159)
Depreciation charge	(4)	(10)	(14)
31 March 2023	(9)	(164)	(173)
Net Book Value			
At 31 March 2022	638	36	674
At 31 March 2023	634	34	668

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. 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.

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Note 7 – Debtors

2021/22		2022/23
£000		£000
14	Other Entities and Individuals	39
979	Other Local Authorities	932
<u>1</u>	Central Government Bodies	<u>1</u>
<u>994</u>		<u>972</u>

Note 8 – Creditors

2021/22		2022/23
£000		£000
3	Central Government Bodies	17
52	Other Entities and Individuals	78
<u>10</u>	Other Local Authorities	<u>9</u>
<u>65</u>		<u>104</u>

Note 9 – 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.

	£000
Opening Balance at 1 April 2022	902
Revenue Gains/(Losses) on the fund	<u>(74)</u>
Closing Balance at 31 March 2023	828
Earmarked Balances:-	
2023/24 Budget	(432)
DLUHC Funding	(7)
Barclay Review Funding	<u>(37)</u>
Total Earmarked Balance	(476)
Total General Reserves (incl. £0.100m prudential reserve)	<u>352</u>

Note 10 – 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.

2021/22		2022/23
£000		£000
21	Contributions from Authorities	12
2	Capital Funding from Current Revenue (CFCR)	0
<u>41</u>	Unapplied Capital contributions b/forward	<u>55</u>
<u>64</u>	Total Capital Resources	<u>67</u>
0	Servers	(1)
(7)	Scanners, Laptops and Monitors	(7)
<u>(2)</u>	NDR reform costs	<u>0</u>
<u>(9)</u>	Total Capital expenditure incurred during the year	<u>(8)</u>
<u>55</u>	Unapplied Capital contributions c/forward	<u>59</u>

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Note 11 – Unusable Reserves

2021/22		2022/23
£000		£000
600	Capital Adjustment Account	594
74	Revaluation Reserve	74
507	Pension Reserve	8,032
(28)	Employee Statutory Mitigation Account	(19)
1,153	Total Unusable Reserves	8,681

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.

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 require 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.

Employee Statutory Mitigation Account

The employee 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.

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Capital Requisition Unapplied Account

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

Note 12 – Contingent Assets & Liabilities

The Board has not identified any Contingent Assets and Liabilities.

Note 13 – Contributions from Authorities

Revenue 2021/22		Revenue 2022/23
£000		£000
1,297	Argyll & Bute Council	1,158
637	East Dunbartonshire Council	721
678	West Dunbartonshire Council	732
2,612	Constituent Contributions	2,611
225	Barclay Review Contributions	181
2,837	Total Contributions	2,792

Note 14 – Government Grants

Government Grant income of £0.039m was carried forward into financial year 2022/23, as an earmarked reserve held by West Dunbartonshire Council on behalf of the Board, to fund Scottish Parliament Election costs.

The Board credited £0.013m to the Comprehensive Income and Expenditure as shown in the table below.

2021/22		2022/23
£000		£000
87	Scottish Government	13
87		13

The remaining balance of £0.026m will be carried forward by West Dunbartonshire Council on behalf of the Board for use within 2023/24.

The Board also received £0.007m from the Department for Levelling Up, Housing & Communities in relation to the additional costs associated with the implementation of the Elections Act 2022, specifically the Voter Identification Regulations and the Assistance with Voting for Persons with Disabilities (Amendments) Regulation 2022. This grant will be carried forward into 2023/24 as an earmarked reserve.

Note 15 – Related Parties

It is a requirement of the Code that material transactions with related parties (i.e organisations which the Board can influence or be influenced by) should be disclosed. The Board forms Group Accounts with three local authorities, namely West Dunbartonshire Council, East Dunbartonshire Council and Argyll & Bute Council. Sums paid by the local authorities to the Board are detailed in Note 13.