



---

**REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 21 JUNE 2019**

**SUBJECT: UNAUDITED ANNUAL ACCOUNTS FOR 2018/19**

**BY: TREASURER TO THE BOARD**

**1. REASON FOR REPORT**

- 1.1 To consider the unaudited Annual Accounts for the Grampian Valuation Joint Board for the year ended 31 March 2019.

**2 RECOMMENDATION**

- 2.1 It is recommended that the Board considers the unaudited Annual Accounts of the Grampian Valuation Joint Board for the year ending 31 March 2019.**

**3. BACKGROUND**

- 3.1 Joint Boards are required to account for their activities to the communities that they serve and to have the financial effect of those activities audited by External Auditors.
- 3.2 In accordance with the Local Authority Accounts (Scotland) Regulations 2014, it is a statutory requirement that the unaudited Annual Accounts 2018/19 are presented to the Board's appointed Auditor by the 30 June in the next financial year. Although this is the statutory deadline, there is an agreement that Joint Board Accounts will be completed by 31 May and the Annual Accounts were submitted to the External Auditor, Audit Scotland on 29 May 2019.
- 3.3 The unaudited Annual Accounts for 2018/19 have been prepared in accordance with the Code of Practice on Local Authority Accounting, supported by International Financial Reporting Standards.

**4. 2018/19 ANNUAL ACCOUNTS**

- 4.1 Copies of the unaudited Annual Accounts for the year ended 31 March 2019 have been distributed with this report.

- 4.2 The Board approved the 2018/19 budget of £4,292,000 at their meeting on 26 January 2018 (paragraph 5 refers). The net expenditure for the year was £4,088,000, an underspend of £204,000. This is discussed in more detail in paragraphs 4.12 to 4.16 below.
- 4.3 The Board at its meeting on 28 January 2011 (paragraph 4 refers) agreed to create a General Reserve from the surplus generated in that year and that transfers to the General Fund would be restricted to 3% of the total budget in any one year and that the cumulative balance of the fund would not exceed 5% of the total budget. Under the policy the maximum amount that can be transferred to the General Fund in 2018/19 is £62,000, increasing the balance of the fund from £153,000 to £215,000. Transfer of the maximum allowed under the policy was agreed at the meeting of the Board on 1 February 2019 (paragraph 3 of the Minute refers).
- 4.4 Following the transfer to the General Fund of £62,000, an anticipated £135,000 falls due to be returned to the constituent authorities. The confirmed audited amount will be reported at the Board meeting in August 2019 for approval.

<b>2018/19 Proposed Surplus Refund to Authorities</b>		
	<b>%</b>	<b>£</b>
Aberdeen City Council	39.07	53,000
Aberdeenshire Council	44.59	60,000
Moray Council	16.34	22,000
<b>Total</b>	<b>100.00</b>	<b>135,000</b>

- 4.5 A Capital Fund was established in 2002/03 using the Board's share from the sale of Woodhill House. The balance of the fund at 31 March 2018 was £55,000. A new Electoral Management System was purchased and is now operational. This cost £55,000 and so exhausted the Capital Fund. Further capital expenditure of £7,000 was required for a new telephone system in the Banff and Elgin offices to be installed in 2018/19 and this was funded from revenue.
- 4.6 The Comprehensive Income and Expenditure Account shows a deficit of £332,000 on the provision of services for the year. Adjustments are required to reverse the statutory accounting charges and replace with charges relating to Local Government statutory regulations. These adjustments include the removal of the full charge for pension costs and holiday pay earned in accordance with International Accounting Standard 19 Employee Benefits (IAS19). These are replaced by superannuation contributions payable and an accrual for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward, resulting in a reduction of £399,000. The depreciation charge of £2,000 is also removed. With the capital fund expended, capital expenditure of £7,000 towards for the telephone system was funded from revenue.
- 4.7 This results in a net transfer to the General Fund of £62,000.

- 4.8 The Movement in Reserves Statement on page 29 of the Annual Accounts shows the movement in the year on the various reserves held by the Board, analysed into Usable Reserves, i.e. those that can be used to fund expenditure, and Unusable Reserves, i.e. those that have been created for specific accounting entries and do not represent distributable funds.
- 4.9 The Usable Reserves show the reserves which members of the Board have control over. These consist of the General Fund balance of £215,000
- 4.10 The Unusable Reserves record accounting entries which the Board is required to disclose and do not represent funds available for use. These include balances for the Revaluation Reserve, Capital Adjustment Account, Pensions Reserve and the Employee Statutory Adjustment Account. More detail on the purpose of these reserves and the movements during the year in them are described in Note 16 to the Accounts.

#### **Significant Variances between Budget and Actual for 2018/19**

- 4.11 The actual result for the year, set out in the usual budget monitoring format, forms **APPENDIX 1** to this report.
- 4.12 Salary costs were under budget by £144,000, mainly due to vacancies and part vacancies throughout the year. An element of vacancies is to be expected and a vacancy management provision of £52,000 was made in the 2018/19 budget, based on 1.4FTE vacancies. The net effect of actual vacancies in the year is an underspend of £92,000.
- 4.13 Property costs were under budget in total by £14,000. The main variance was a £14,000 reduction in the Woodhill House service charge from Aberdeenshire Council for 2017/18 that was carried forward into 2018/19. Energy costs were over budget by £3,000 due to an increase in the cost of the electricity for the Banff office.
- 4.14 Transport costs were £12,000 over budget, with additional travel incurred to cover a vacancy in the Banff office from Aberdeen.
- 4.15 Supplies and Services is under budget in total by £71,000, predominantly from an underspend on postages. Expenditure on postages varies considerably on a year by year basis. The expenditure this year reflects that no major election or referendum took place. There were other minor variances in supplies and services.
- 4.16 Income received during the year was above budget by £40,000 in total. Income from the sale of electoral registers was higher than expected by £5,000. The government grant for Individual Electoral Registration (IER) was expected to be less than the amount received in 2017/18 and was budgeted for at £125,000. The initial grant received was £103,000. A justification-led bid of £57,000 was submitted to the Cabinet Office and was approved, resulting in an over achievement on budget of £35,000.

## **5. CONCLUSION**

- 5.1 The Board met the statutory deadline for the submission of the annual accounts to the External Auditor on 29 May 2019.
- 5.2 The Board generated a surplus of £204,000 for the year to 31 March 2019. It is anticipated that a total of £135,000 will be returned to constituent authorities following the annual audit.

Author of Report:  
Background papers:  
Date:

Susan Souter, Accountant  
Held within Accountancy Section, Moray Council