



REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 24 AUGUST 2018

SUBJECT: UNAUDITED ANNUAL ACCOUNTS FOR 2017/18

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 2018.

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 2018.**

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 2017/18 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 28 May 2018.
- 3.3 The unaudited Annual Accounts for 2017/18 have been prepared in accordance with the Code of Practice on Local Authority Accounting, supported by International Financial Reporting Standards.

4. 2017/18 ANNUAL ACCOUNTS

- 4.1 Copies of the unaudited Annual Accounts for the year ended 31 March 2018 have been distributed with this report.

- 4.2 The Board approved the 2017/18 budget of £4,039,000 at their meeting on 27 January 2017 (paragraph 5 refers) and the net expenditure for the year was £4,095,000. A detailed statement comparing budget to actual spend and highlighting variances for 2017/18 is shown in **Appendix 1**. As can be seen the Board incurred an overspend of £56,000 and supporting narrative is included in paragraphs 4.9 to 4.15 below.
- 4.3 It was agreed by the Board at its meeting on 28 January 2011 (paragraph 4 refers) 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. Transfers to the General Fund have been made every year since then, and the balance of the fund at the start of the year was £209,000. A transfer of £56,000 was made from the General Fund in 2017/18 to cover the overspend. The balance of the fund at 31 March 2018 was £153,000.
- 4.4 The Capital Fund was established in 2002/03 using the Board's share from the sale of Woodhill House. Capital expenditure of £18,000 towards the cost of a new telephone system in Woodhill House was financed from the Capital Fund in 2017/18 with a further £8,000 required for the telephone system in the Banff and Elgin offices to be installed in 2018/19. In addition to this, £31,000 of capital expenditure is committed for a new Electoral Management System that the service is in the process of procuring. The balance of the fund at 31 March 2018 was £55,000.
- 4.5 The Comprehensive Income and Expenditure Account shows a deficit of £575,000 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. In accordance with International Accounting Standard 19 Employee Benefits (IAS19), these adjustments include the removal of the full charge for pension costs and holiday pay earned. 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 £495,000. The depreciation charge of £24,000 is also removed.
- 4.6 This results in a net transfer from the General Fund of £56,000.
- 4.7 The Movement in Reserves Statement on pages 32 and 33 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, those that have been created for specific accounting entries and do not represent distributable funds.
- 4.8 The Usable Reserves show the reserves which members of the Board have control over. These include the General Fund balance of £153,000 and the Capital Fund of £55,000.

- 4.9 The Unusable Reserves record accounting entries which the Board is required to disclose and do not represent funds available for use and 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 17 to the Accounts.

Significant Variances between Budget and Actual for 2017/18

- 4.10 Salary costs were under budget by £93,000, mainly due to vacancies and part vacancies throughout the year. The Vacancy Management budget of £121,000 in 2017/18 was based on 2.5FTE vacancies, however one of those posts was filled in April 2017 and no saving was realised from that post at all. This resulted in a net £26,000 overspend in Employee Costs.
- 4.11 Property costs were over budget in total by £25,000. The accommodation charge overspend of £28,000 is due to changes in the Woodhill House service charge from Aberdeenshire Council, and a rates increase.
- 4.12 Although Supplies and Services is under budget in total, there are various small overs and under spends that can be seen in **Appendix 1**.
- 4.13 Overspends on text and reference books are for the purchase of essential valuation publications. The Valuation Appeals overspend of £29,000 relates to Valuation Appeals Committee (VAC) secretary fees and is dependent on the volume of cases attended by the secretary.
- 4.14 Under spends within Supplies and Services were on Postages of £52,000 and IT Maintenance and Support of £10,000, which was earlier projected to be on budget.
- 4.15 Support Services is the charge from Moray Council for its central support functions such as Finance, Legal and HR and was as anticipated when the budget was approved.
- 4.16 Income received during the year was below budget by £27,000 in total. Income from the sale of electoral registers was higher than expected by £5,000. The budgeted amount for the government grant for IER was expected to be no less than the amount received the previous year and was set at £208,000. The initial grant received was lower than this, at £177,000.

5. **CONCLUSION**

- 5.1 The Board met the statutory deadline for the submission of the annual accounts to the External Auditor on 28 May 2018.
- 5.2 The Board generated a surplus of £56,000 for the year to 31 March 2018. This was funded from the General Fund balance.

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Background papers:	Held within Accountancy Section, Moray Council
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