



Grampian Valuation Joint Board

Friday, 30 June 2023

NOTICE IS HEREBY GIVEN that at a Meeting of the **Grampian Valuation Joint Board** is to be held at **Council Chambers, Council Office, High Street, Elgin, IV30 1BX** on **Friday, 30 June 2023** at **09:30**.

BUSINESS

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2. **Declaration of Member's Interests**
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13. **Staff Vacancies Recruitment and Upskilling Existing Staff** 219 - 222

14. Question Time

GUIDANCE NOTES

- * **Declaration of Group Decisions and Members Interests** - At the beginning of the meeting, immediately following the Sederunt, the Convener will, in terms of Standing Order 25, seek declarations from individuals on any financial or other interests.

- ** **Written Questions** - Any member can put one question to the Convener about relevant and competent business not already on the Agenda for a meeting of the Board. No member can put more than one question at any meeting. The member must give notice in writing of their question to the Clerk 4 working days prior to the meeting. A copy of any written answer provided by the Convener will be tabled at the start of the relevant meeting. The member who has put the question may, after the answer has been given, ask one supplementary question directly related to the subject matter but no discussion will be allowed.

- *** **Question Time** - At each ordinary meeting of the Board, 10 minutes will be allowed for question time when any member can put one question to the Convener regarding any matter within the remit of the Board. The Member who has put the question may, after the answer has been given, ask one supplementary question directly related to the subject matter, but no discussion will be allowed. In the event of further information/investigation being required in order to answer the question, the Clerk will arrange for a written answer to be provided within 7 working days.



Grampian Valuation Joint Board

SEDERUNT

Councillor Donald Gatt (Chair)
Councillor Isobel Davidson (Depute Chair)

Councillor Desmond Bouse (Member)
Councillor Dell Henrickson (Member)
Councillor Seamus Logan (Member)
Councillor Neil MacGregor (Member)
Councillor Ciaran McRae (Member)
Councillor Sam Payne (Member)
Councillor Stephen Smith (Member)
Councillor Iain Taylor (Member)
Councillor Lynn Thomson (Member)
Councillor Judy Whyte (Member)
Councillor Marc Macrae (Member)
Councillor Sonya Warren (Member)

Clerk Name:	Tracey Sutherland
Clerk Telephone:	07971 879268
Clerk Email:	committee.services@moray.gov.uk

Minute of Meeting of the Grampian Valuation Joint Board

Friday, 27 January 2023

Council Chambers, Council Office, High Street, Elgin, IV30 1BX

PRESENT

Councillor Isobel Davidson, Councillor Donald Gatt, Councillor Dell Henrickson, Councillor Seamus Logan, Councillor Neil MacGregor, Councillor Marc Macrae, Councillor Ciaran McRae, Councillor Sam Payne, Councillor Stephen Smith, Councillor Iain Taylor, Councillor Lynn Thomson, Councillor Sonya Warren, Councillor Judy Whyte

APOLOGIES

Councillor Desmond Bouse

IN ATTENDANCE

Also in attendance at the above meeting were Maggie Bruce, Audit Scotland, the Assessor and ERO, Depute Assessor and ERO (Aberdeen and Moray), Depute Assessor and ERO (Aberdeenshire), Principal Admin Officer, Lorraine Paisey, Treasurer to the Board, Audit and Risk Manager and Tracey Sutherland, Committee Services Officer.

1. Chair

The meeting was chaired by Councillor Donald Gatt.

2. Tribute

The Board joined the Chair in expressing their condolences to the family of the late Councillor Avril Mackenzie who sadly died at the start of December 2022.

3. Holocaust Memorial Day

The Board joined the Chair in acknowledging that the meeting was taking place on Holocaust Memorial Day.

4. Declaration of Member's Interests

In terms of Standing Order 25 and the Councillor's Code of Conduct, the Board noted that there were no declarations from Members who were present at the meeting where any item of business in which they have any financial or other interest is to be dealt with.

5. Minute of Meeting of 28 October 2022

The minute of the meeting of 28 October 2022 was submitted and approved by the Board.

6. External Audit - Covering Letter

The External Auditor presented the reports to those charged with Governance 2021/22.

Following consideration the Board agreed to note the covering memo and draft Annual Report on the 2021/22 audit from the External Auditor.

As this was the final audit being carried out by Audit Scotland, the External Auditor thanked the Board and staff for their co-operation over the last 6 years.

7. Audited Annual Accounts for Year Ending 31 March 2022

A report by the Treasurer to the Board submitted the audited Annual Accounts for the financial year ending 31 March 2022 to the Board for consideration and approval.

Following consideration the Board agreed to:

- i) approve that the Annual Accounts are signed, having regard to the Annual Report from the External Auditor considered earlier at this meeting;
- ii) notes the variance of £728,000 for 2021/22; and
- iii) that £479,000 is returned to constituent authorities leaving a balance on the General Fund of £219,000, and an earmarked reserve for Non Domestic Rates Reform of £408,000.

8. Revenue Budget Monitoring Statement 1 April to 31 December 2022

A report by the Treasurer to the Board asked the Board to consider the Revenue Budget Monitoring Statement for the period 1 April to 31 December 2022.

Following consideration the Board agreed to note:

- i) the revenue monitoring statement for the period 1 April 2022 to 31 December 2022; and
- ii) the estimated outturn forecast for the year 2022/23.

9. Financial Planning for 2023-24 and Future Years

A report by the Treasurer to the Board asked the Board to consider the three year Revenue Budget from 2023/24 and to agree the requisitions for 2023/24 from the three constituent authorities.

Following consideration the Board agreed to approve:

- i) three year revenue budget from 2023/24;
- ii) requisitions to the constituent authorities for 2023/24 to be set at £5,034,000 as detailed in paragraphs 6.3; and
- iii) the planned use of £163,000 from the NDR Reform reserve to cover budgeted spend in 2023/24.

10. Internal Audit Plan 2023-24

A report by the Internal Auditor advised the Board of the planned internal audit coverage of the Assessor's Service for the financial year ending 31 of March 2023.

Following consideration the Board agreed to note the proposed internal audit coverage.

11. Bank Holiday - Coronation of His Majesty King Charles III

A report by the Assessor and ERO advised the Board of the position in relation to the additional bank holiday.

Following consideration the Board agreed to note the content of the report and agree to designate Monday 8 May 2023 as an additional public holiday for employees and close the Board's offices on this date.

12. Governance

A report by the Assessor and ERO updated the Board on the review of the Board's Scheme of Delegation and Code of Corporate Governance.

Councillor Gatt requested that table on the front page of Appendix 1 be added to the front page of Appendix 2 so it is easily noted when the documents are updated.

In response the Assessor and ERO confirmed he would arrange for this to be done.

Following consideration the Board agreed to note the content of the report and approve the changes to the Scheme of Delegation and Code of Corporate Governance.

13. Electoral Registration

A report by the Principal Admin Officer updated the Board on current developments in electoral registration.

Following consideration the Board agreed to note the content of the report.

14. Valuation Roll and Council Tax Valuation List

A report by the Depute Assessor and ERO (Aberdeen and Moray) provide an operational update on the valuation services provided by the Assessor including performance levels during the period 1 April 2022 to 17 January 2023.

Following consideration the Board agreed to note the report.

15. Staff Vacancies - Recruitment and Upskilling Existing Staff

A report by the Depute Assessor and ERO (Aberdeenshire) reported on the current level of staff vacancies, attempts to recruit staff and potential avenues to upskill existing staff to fill vacancies in the Valuation Section.

Councillor Whyte asked whether this report could be a regular item on the Board's agenda so regular updates can be received.

In response, the Depute Assessor and ERO (Aberdeenshire) confirmed that he will arrange for the Board to receive regular updates.

Following lengthy consideration the Board agreed to note the contents of the report.

Grampian Valuation Joint Board External Audit Plan

**Year ending
31 March 2023**

31/03/2023



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the organisation or all weaknesses in your internal controls. This report has been prepared solely for your benefit and Audit Scotland (under the Audit Scotland Code of Practice 2021). We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Introduction

Purpose

This document provides an overview of the planned scope and timing of the external audit of Grampian Valuation Joint Board (VJB) for those charged with governance.

We are appointed by The Accounts Commission as the external auditors of Grampian VJB for the five year period 2022/23 to 2026/27.

Respective responsibilities

Audit Scotland has issued an updated Code of Audit Practice ('the Code') covering this audit appointment period. There are no significant changes in the scope of our work compared to the previous 2016 Code. However, the 2021 Code applies the requirement to communicate key audit matters to all bodies, but requires them to be reported in the Annual Audit Report.

The Code summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities, and that of the Grampian VJB are summarised in Appendix 1 of this Audit Plan. We draw your attention to this and the Code.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on Grampian VJB's financial statements, which have been prepared by management with the oversight of those charged with governance (the Grampian VJB Board). Our audit of the financial statements does not relieve management or the Grampian VJB Board of your responsibilities.

It is your responsibility to ensure that proper arrangements are in place for the conduct of your business, and that public money is safeguarded and properly accounted for. As part of our wider scope work, we will consider how you are fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of Grampian VJB and is risk based.



Plan overview

The audit plan sets out our risk based audit approach for Grampian VJB. This plan outlines our initial risk assessment and is reported to those charged with governance (Grampian VJB Board) and will be shared with Audit Scotland.

01 Materiality

We have calculated our planning materiality using prior year gross expenditure as per audited 2021/22 financial statements as our benchmark, resulting in the following:

- Planning materiality of £90,000 is based on 1.90% of gross expenditure.
- Performance materiality of £58,500 is based on 65% of planning materiality.
- Triviality of £4,500 is based on 5% of performance materiality.
- A lower materiality of £5,000 will be used for the auditable elements of the Remuneration Report.

We will revisit our materiality throughout our audit including updating to reflect the draft unaudited financial statements for 2022/23.

02 Financial statement audit

At planning, in accordance with the ISA's (UK) and Practice Note 10 (Revised 2020) 'The Audit of Public Sector Financial Statements' issued by the Public Audit Forum we have identified the following significant financial statement audit risks:

- Management override of controls (ISA (UK) 240);
- Risk of fraud in expenditure recognition – non payroll expenditure (cut-off) (PN10);
- Valuation of land and buildings (valuation);
- Valuation of defined benefit pension scheme (valuation).

Two revised Auditing Standards (ISA (UK) 315 (Revised July 2020) ISA (UK) 240 (Revised May 2021)) will be applicable to your audit for the first time in 2022/23. Further detail on the impact of these revised standards is set out in the appendices.

03 Wider Scope and Best Value Audit

In accordance with Code and supporting guidance: "Supplementary guidance -wider scope audit , less complex bodies and Best Value" we have concluded that Grampian VJB is a Less Complex Body and therefore carried out more limited wider scope work as set out in this Audit Plan.

Plan overview (continued)

04 Other audit matters

We summarise other audit matters for Grampian VJB Board awareness. This includes:

- Consideration of going concern in accordance with Practice Note 10.
- In accordance with the Code and planning guidance we also required to complete and submit a number of information returns and other deliverables to Audit Scotland during the year.

05 Our Audit Fee

Audit fees were shared by Audit Scotland with Grampian VJB in December 2022. Our fee agreed with Grampian VJB is £18,620. This fee includes a contribution of £710 to Audit Scotland costs. A Sectoral cap adjustment of -£10,530 has been applied, such that the total expected fee is £8,800.

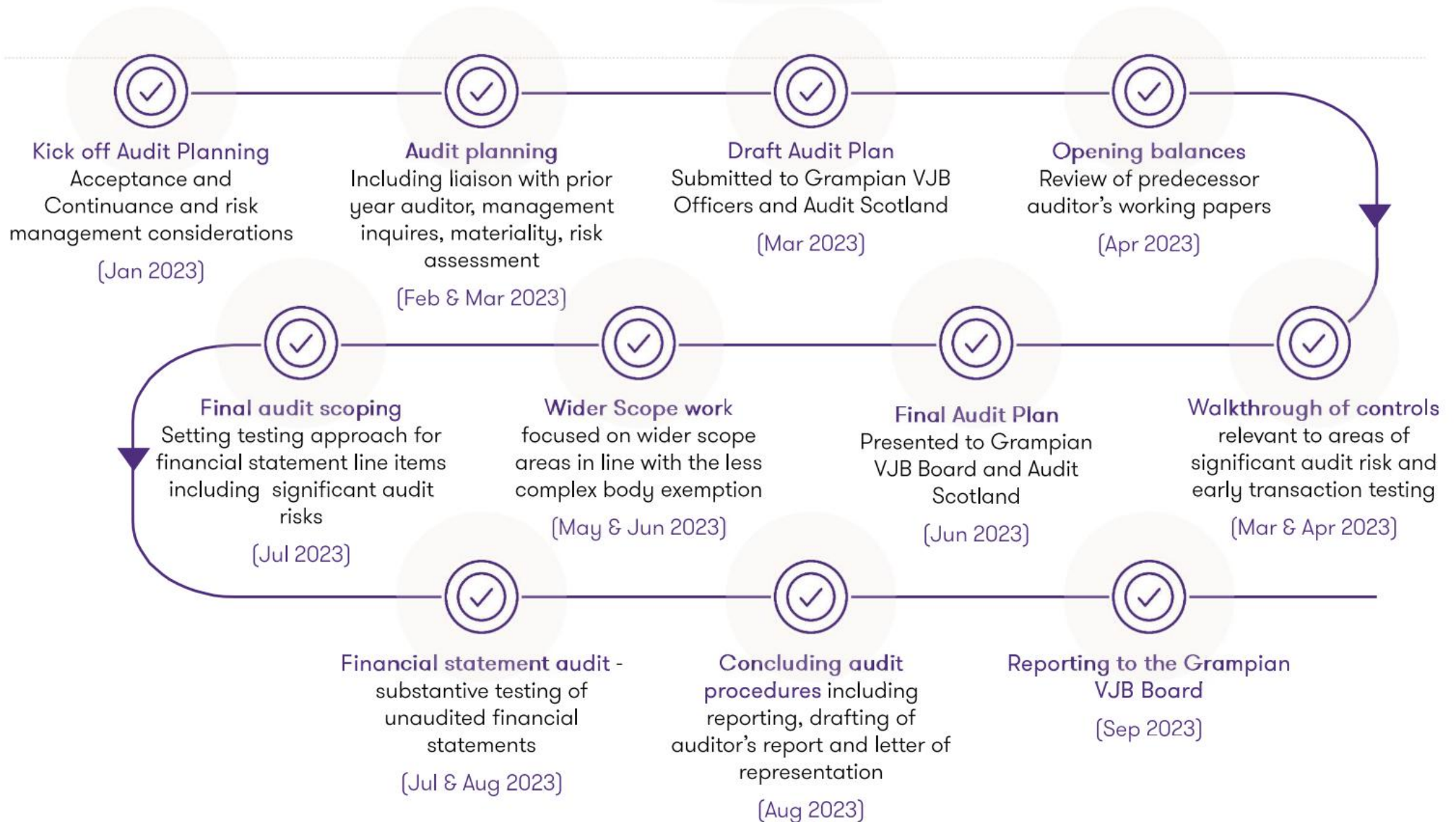
Audit fees are paid to Audit Scotland who in turn pay Grant Thornton UK LLP.

We reserve the right to review our fee during the audit should significant delays be encountered and/or new technical matters arise.

06 Adding Value Through the Audit

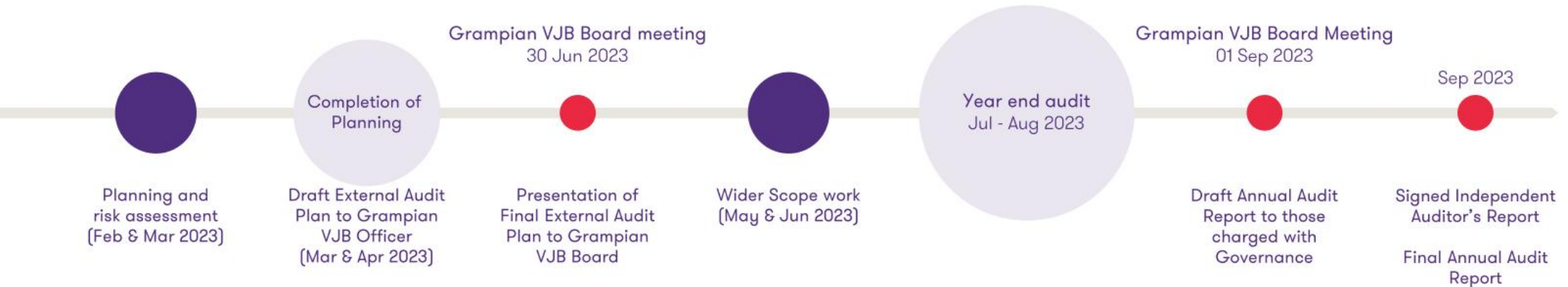
Our overall approach to adding value through the audit is clear and upfront communication, founded on our public sector credentials. We use our LEAP audit methodology and data analytics to ensure delivery of a quality audit.

Audit approach



Audit timeline

The target dates specified by Audit Scotland for submission of audit Plans, audited accounts and the Annual Audit Report have been brought forward in the 2021 Code. We are required to submit audit plans to Audit Scotland by 31 March 2023, and the target date to submit audited accounts and the Annual Audit Report is 30 September 2023. We have set out below our planned timescales for the Grampian VJB audit.



Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging our other audit engagements. Where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

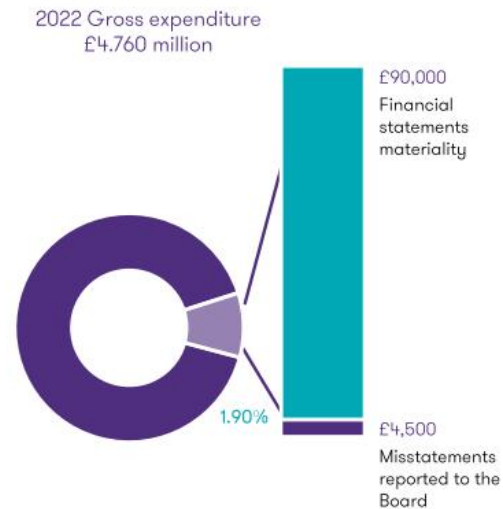
Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft accounts, comprising financial statements and related reports, of good quality, by the deadline you have agreed with us
- prepare good quality working papers which support the figures included in the financial statements, in line with the working paper requirements schedule that we have shared with you, and make these available to us at the start of the year end audit visit
- provide all agreed data reports to us at the start of the audit, which are fully cleansed and reconciled to the figures in the financial statements
- ensure that all appropriate staff, including valuers of land and buildings, are available to us for queries over the planned period of the audit, or as otherwise agreed
- respond promptly and appropriately to all audit queries, within agreed timescales.

Materiality

Financial statement materiality is determined based on a proportion of gross expenditure. We have determined **planning materiality** to be £90,000, which equates to approximately 1.90% of gross expenditure as per the 2021/22 audited financial statements.



Performance materiality represents the amount set for the financial statements as a whole to reduce the probability that the aggregate of uncorrected and undetected misstatements exceed financial statement materiality. We use this to determine our testing approach to the financial statements. We have set this at 65% of **planning materiality** (£58,500). This is based on our understanding of Grampian VJB and our overall risk assessment procedures.

Materiality reflects our professional judgement of the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements.

We apply a separate **lower materiality level** of £5,000 to the auditable elements of the Remuneration Report.

Under ISA 260 (UK) ‘Communication with those charged with governance’, we are required by auditing standards to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. We have determined this threshold to be 5% of performance materiality, giving a trivial amount of £4,500.

We will update our materiality based on the unaudited 2022/23 financial statements when received in June 2023. During the course of our audit engagement, we will continue to assess the appropriateness of our materiality.

Significant audit risks

Significant risks are defined by ISAs(UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Management Override of Controls (as required by Auditing Standards – ISA (UK) 240)

As set out in ISA (UK) 240 (Revised May 2021) ‘The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements’ there is a presumed risk that management override of controls is present in all entities. Our risk focuses on the areas of the financial statements where there is potential for management to use their judgement to influence the financial statements alongside the potential to override the entity’s internal controls, related to individual transactions. Our work focuses on journals, critical estimates and judgements, including accounting policies, and unusual transactions.

We will:

- Document our understanding of and evaluate the design effectiveness of management’s key controls over journals;
- Analyse your full journal listing for the year and use this to determine our criteria for selecting high risk journals;
- Test the high risk journals we have identified;
- Gain an understanding of the critical judgements applied by management in the preparation of the financial statements and consider their reasonableness;
- Gain an understanding of the key accounting estimates made by management and carry out substantive testing on in scope estimates.
- Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK) 315)

Significant audit risks (continued (1))

Risk of Fraud in Revenue (as required within Auditing Standards- ISA (UK) 240)
(Rebutted)

As set out in ISA (UK) 240 (Revised May 2021) there is a presumed risk that revenue may be misstated due to improper recognition of revenue in all entities. Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at Grampian VJB, we have determined that the risk of fraud arising from revenue recognition can be rebutted as there is deemed to be little incentive to manipulate revenue recognition and opportunities to manipulate revenue recognition are deemed to be limited.

Significant audit risks (continued (2))

Risk of Fraud in Expenditure (as recommended in Practice Note 10)

As set out in practice note 10 (Revised 2020) 'The Audit of Public sector Financial Statements', issued by the Public Audit Forum, which applies to all public sector entities, we consider there to be an inherent risk of fraud in expenditure recognition.

Grampian VJB's expenditure includes both payroll and non-payroll costs. We consider payroll costs to be well forecast and are able to agree these costs to underlying payroll systems. As such we believe there is less opportunity for a material misstatement as a result of fraud to occur in this area.

We therefore focus our risk on the following non-payroll expenditure streams: Other service expenses, Support service recharges. Our testing will include a specific focus on year end cut-off arrangements, including consideration of the existence of accruals in relation to non payroll/non finance expenditure.

We will:

- Evaluate your accounting policy for recognition of expenditure for appropriateness and compliance with the CIPFA/LASAAC Code of Practice 2022/23;
- Perform detail testing of expenditure transactions at and around year end to verify the accounting period transactions relate to and confirm that transactions have been recognised in the correct accounting period;
- Review the judgements and estimates made by management when recognising accruals at year end within the financial statements, and where appropriate challenge management accordingly.

Significant audit risks (continued (3))

Valuation of land, buildings and council dwellings

This significant risk is one of the most significant assessed risks of material misstatement for the audit and is expected to be a key audit matter.

In accordance with the CIPFA/LASAAC Code of Practice, subsequent to initial recognition, Grampian VJB is required to hold property and property, plant and equipment (PPE) on a valuation basis. The valuation basis used will depend on the nature and use of the assets. Specialised land, buildings, equipment, installations and fittings are held at depreciated replacement costs, as a proxy for fair value. Non-specialised land and buildings, such as offices, are held at fair value.

Grampian VJB appoint Moray Council's Head of Estates to undertake a rolling programme of valuations across their asset base, valuing land, buildings and council dwellings at least once every five years. In the intervening periods Grampian VJB carries out a desktop review to assess the material accuracy of the assets not revalued. As at 31 March 2022, Grampian VJB held PPE of £0.730m including land and buildings of £0.638m. From our discussions with management, we understand that Grampian VJB are currently not planning to revalue any of these assets in 2022/23, with the next revaluation scheduled to be during 2023/24. Management's assessment of the impact of the movement in assets since the last valuation will be a key part of our audit challenge

Given the significant value of the land held by Grampian VJB, and the level of complexity and judgement involved in their estimation process, there is an inherent risk of material misstatement in the year end valuation of some of these assets. However, the risk is less prevalent in other assets as these are generally held at depreciated historical costs, as a proxy of fair value and therefore less likely to be materially misstated. We will therefore focus our audit attention on assets that have large and unusual changes in valuations compared to last year and / or unusual approaches to their valuations, as a significant risk requiring special audit consideration. The risk will be pinpointed as part of our final accounts work, once we have understood the population of assets revalued. We will report an updated risk assessment for valuation of land and buildings in our Annual Audit Report in September.

Significant audit risks (continued (4))

Valuation of land, buildings and council dwellings (continued)

This significant risk is one of the most significant assessed risks of material misstatement for the audit and is expected to be a key audit matter.

Our testing will include:

- Evaluating management's processes and controls for the calculation of the valuation estimates, the instructions issued to their management experts and the scope of their work;
- Evaluating the valuer's report to identify assets that have large and unusual changes and/or approaches to the valuation – these assets will be substantively tested to ensure the valuations are reasonable;
- Challenging the key data and assumptions used by management's experts in the valuation process for these assets;
- Testing a selection of other asset revaluations made during the year to ensure they have been input accurately into the entity's asset register, and the revaluations have been correctly reflected in the financial statements;
- Evaluating the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.

Significant audit risks (continued (5))

Defined benefit pension scheme

This significant risk is one of the most significant assessed risks of material misstatement for the audit and a key audit matter.

Grampian VJB participates in the North East Scotland Pension Fund (NESPF), a local government pension scheme, which is administered by Aberdeen City Council. The scheme is a defined benefit pension scheme and in accordance with IAS 19: Pensions, Grampian VJB is required to recognise its share of the scheme assets and liabilities in its Statement of Financial Position. As at 31 March 2022 Grampian VJB had pension fund liabilities of £0.503m.

Grampian VJB's actuary Mercer Limited provide an annual IAS 19 actuarial valuation of Grampian VJB's net liabilities in the pension scheme. There are a number of assumptions contained within the valuation, including: discount rate; future return on scheme assets; mortality rates; and, future salary projections. Given the material value of the scheme's gross assets and gross liabilities and the level of estimation in the valuation, there is an inherent risk that the defined benefit pension scheme net liability could be materially misstated within the financial statements. This risk is focussed on the appropriateness and reasonableness of the underlying assumptions adopted by the actuary and the suitability of these for Grampian VJB.

We will:

- Evaluating management's processes and controls for the calculation of the gross asset and gross liability and estimates, the instructions issued to the actuarial expert and the scope of their work
- Evaluate the assumptions made by Mercer in the calculation of the estimate, using work performed by an auditor's expert commissioned on behalf of Audit Scotland and additional follow up procedures (where required)
- Evaluating the data used by management's experts in the calculation of the estimates
- Performing substantive analytical procedures over the gross assets, gross liabilities and in year pension fund movements, investigating any deviations from audit expectations;
- Assessing the accuracy and completeness of the IAS 19 estimates and related disclosures made within the Council's financial statements.

Other matters

Auditor Responsibilities

We have a number of audit responsibilities as set out in the Code and Planning Guidance 2022/23 issued by Audit Scotland:

- We audit parts of your Remuneration Report, as required under the Code, and check whether these sections have been properly prepared (opinion).
- We read the sections of your Statement of Accounts which are not subject to audit and check that they are consistent with the financial statements on which we give an opinion (opinion).
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set out in Delivering Good Governance in Local Government: Framework (2016) (opinion).
- We consider our other duties under the Code and planning guidance (2022/23), as and when required, including:
 - Supporting Audit Scotland’s reporting to the Accounts Commission
 - Contributing to Audit Scotland Performance Reports and providing regular updates to Audit Scotland to share awareness of current issues
 - Contributing to the National Fraud Initiative (NFI) report
 - Notifying the Controller of the Audit when circumstances indicate a statutory report may be required

- Completing mandated information requests and returns and notifying Audit Scotland of any cases of money laundering or fraud
- Review of Technical guidance prior to issue by Audit Scotland.

Going concern assessment

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management’s use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a “SORP-making body” for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 was updated in 2020 to take account of revisions to ISAs (UK), including ISA (UK) 570 (Revised September 2019) on going concern. PN 10 allows auditors to apply a ‘continued provision of service approach’ when auditing going concern in the public sector, where appropriate. Audit Scotland’s also issued further guidance in a Going Concern publication in December 2020).

Within our wider scope work we will conclude on Grampian VJB’s arrangements to ensure financial sustainability.

Other matters (continued (1))

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be considered as part of our audit. However, the procedures will not be as extensive as the procedures adopted for the significant risks we have identified and highlighted in this Audit Plan.

Internal control environment

During our initial audit planning we will develop our understanding of your control environment (design) as it relates to the preparation of your financial statements. In particular we will:

- Consider key business processes and related controls
- Assess the design of key controls over all significant risks we have identified. This will include key controls over: journal entries, valuation of land and buildings, valuation of defined benefit pension liabilities and other material areas of management estimate and judgement.

Our focus is on design and implementation of controls only. We do not intend to assess, or place any reliance on the operating effectiveness of your controls during our audit.

Audit handover

To facilitate effective audit planning and deliver an efficient audit we gain a detailed understanding of Grampian VJB from discussions with key personnel at the entity, internal audit and the prior year auditor, attendance at Grampian VJB Board meetings and review of key documents.

In line with Audit Scotland's Handover guidance we seek to place as much assurance as possible on your previous auditor's work on your opening balances. We will visit your previous auditor in April and reviewed their prior year audit working paper files.

Financial reporting developments

During our audit we will actively discuss emerging financial reporting developments with you.

Other matters (continued (2))

Progress against prior year audit recommendations

The predecessor auditor identified the following issues in their 2021/22 audit of Grampian VJB's financial statements, which resulted in one recommendation being reported in their 2021/22 Annual Audit Report.

We have asked management about the implementation of the predecessor auditor's recommendation and the progress is noted below. We will provide an update in the Annual Audit Report.

Assessment	Issue and risk previously communicated	Update from management on actions taken to address the issue
In progress	<p>Issue: The Joint Board revalues its land and buildings every five years. In the intervening years, the Accounting Code of Practice requires that management consider whether the carrying amount of assets included in the financial statements differs materially from that which would be determined using the current value at the end of the reporting period. The previous auditor requested this assessment from management but initially were only provided with an assertion that there was no material difference.</p> <p>Risk: the carrying amount of assets differs materially from the current value at the end of the reporting period</p> <p>Previous auditor recommendation: Management should provide a working paper that demonstrates that the carrying value of non-current assets not revalued in the year does not differ materially from the current value of the assets at the reporting date. This working paper should include the evidence used to reach this conclusion, the definition of materiality used and consider the impact of reversing any accumulated depreciation on the carrying value of these non-current assets.</p>	<p>Management have confirmed that they are preparing to provide a working paper clearly showing their assessment for the 2022/23 financial statements.</p>

Wider scope exemption

Under the Code and supporting guidance: “Supplementary guidance - wider scope audit, less complex bodies and Best Value” issued by Audit Scotland, there is an exemption in relation to the normal wider scope audit requirements of the Code for public bodies which are smaller and have limited financial activity (referred to as “Less Complex Bodies”).

As required by the Code and this supporting guidance, we have assessed both the quantitative and qualitative risk factors related to Grampian VJB and concluded that Grampian VJB qualifies for this exemption for 2022/23. From a quantitative perspective the gross revenue, gross assets and gross liabilities of Grampian VJB are not expected to exceed the £10.2 million limit set out in Audit Scotland’s guidance, and from a qualitative perspective we have not identified any wider scope risks beyond financial sustainability that would require further consideration during the audit.

Financial Sustainability

Grampian VJB have prepared a three year budget from 2023/24. The budget is showing a proposed total requisition of £5.034 million for 2023/24 (2022/23 budget was £4.749 million). The budget is particularly affected by salaries with employee benefits representing around 75% of expenditure. The risk associated with this has been reflected in the budget by way of a 5% pay award, being the midpoint of a range considered.

It is not expected that the use of reserves will be required to balance spend in 2023/24 and reserves at 31 March 2023 will remain at the maximum approved level of £0.244 million, after transferring the estimated surplus from 2022/23.

While the 2022/23 year-end position is currently predicting an underspend of £0.405 million against budget, there is a risk over future financial sustainability and planning in light of the significant financial challenges faced across the public sector, including uncertainties over levels of funding and cost increases particularly around employee benefits.

Wider scope exemption

Our wider scope work at Grampian VJB will be limited to the following areas specified for Less Complex Bodies in the Code:

Wider scope arrangements for less complex bodies set out in the 2021 Code

A review of the Annual Governance Statement

Concluding on the financial sustainability of the body and the services that it delivers over the medium to longer term

We will report our findings, conclusions and any recommendations in our Annual Audit Report.

Audit Fees

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

As a firm, we are absolutely committed to meeting the expectations of the FRC on audit quality and public sector financial reporting. This includes, for Audit Scotland contracts, meeting the expectations of the Audit Scotland Quality Team and the Scottish quality framework.

Audit fees were shared by Audit Scotland with Grampian VJB in December 2022. We will agree our proposed audit fee with the Treasurer, and this is set out on page 19 of this Audit Plan. Audit fees are paid to Audit Scotland who in turn pay us. We reserve the right to review our fee during the audit should significant delays be encountered and/or new technical matters arise.

Relevant professional standards

Audit Scotland set the baseline audit fee. We can increase the fee, from the baseline, for the inclusion of additional risks, new technical matters or specific client matters identified.

We are required to consider all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard [revised 2019] which state that the Engagement Lead must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

The baseline fee of £8,800 has been set by Audit Scotland. In accordance with Audit Scotland guidance, we are able to discuss a variation to the audit fee where additional work is required.

Audit Fees (continued)

Audit fees for 2022/23

Service	Fees £
External Auditor Remuneration	£18,620
Pooled Costs	Nil
Contribution to Audit Scotland support costs	£710
Contribution to Performance Audit and Best Value	Nil
Sectoral cap adjustment	-£10,530
2022/23 Fee	£8,800

Additional Fees (Non-Audit Services)

Service	Fees £
At planning stage we confirm there are no planned non-audit services	Nil

Fee assumptions

In setting the fee for 2022/23 we have assumed that you will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence for all critical and significant judgements and estimates made in preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- Provide ongoing access to officers and management experts throughout the audit and timely responses to audit queries.

Adding value through the audit

Our overall approach to adding value through the audit is clear and upfront communication, founded on our public sector credentials and our LEAP audit methodology and use of data analytics to ensure delivery of a quality audit.

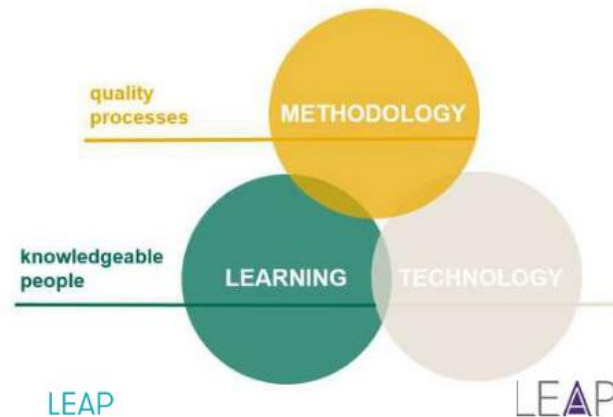
Our audit methodology is risk based and includes developing a good understanding of Grampian VJB. The diagram opposite summarises how our methodology and use of data adds value to our audit.

We comply with UK Auditing Standards and as a Firm we are regulated by the FRC. We take findings on audit quality seriously and continue to invest through our Audit Investment Plan, which is supported by a specific national Public Sector Investment Plan.

We comply with Audit Scotland's quality arrangements, including submitting an Annual Quality Report on our Audit Scotland portfolio. Audit Scotland's quality report for 2021/22 can be found on the [Audit Scotland website](#).

Our wider quality arrangements are set out in our annual transparency reports which are available on our website here: [Annual report 2021](#).

Use of audit, data interrogation and analytics software



LEAP

- A globally developed ISA-aligned methodology that re-engineers our audit approach to focus on quality and effectiveness
- LEAP empowers our engagement teams to deliver even higher quality audits, enables our teams to perform effective audits which are scalable to any client, enhances the work experience for our people and develops further insights into our clients' businesses
- The LEAP approach allows us to tailor the audit programme to help engagement teams respond quickly to any changes as they occur, keeping quality high through responsiveness and flexibility.

Info



Cloud based software which uses data analytics to identify trends and high risk transactions, generating insights to focus audit work and share with clients.



REQUEST AND SHARE

- Communicate and transfer documents securely; Extract data directly from client systems; Work flow assignment and progress monitoring



ASSESS AND SCOPE

- Compare balances and visualise trends; Understand trends and perform more granular risk assessment



VERIFY AND REVIEW

- Automate sampling; Download automated work papers



INTERROGATE AND EVALUATE

- Analyse 100% of transactions quickly and easily; Identify high risk transactions for investigation and testing; Provide client reports and relevant benchmarking KPIs



FOCUS AND ASSURE

- Visualise relationships impacting core business cycles; Analyse 100% of transactions to focus audit on unusual items; Combine business process analytics with related testing to provide greater audit and process assurance



INSIGHTS

- Detailed visualisations to add value to meetings and reports

Appendices

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Independence

Auditor independence

Ethical Standards and ISA (UK) 260 'Communication with Those Charged With Governance' require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the Firm, or covered persons, relating to our independence.

We encourage you to contact us to discuss any independence issues, with us and will discuss the matter with you if we make any significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors of Grampian VJB that we are required to report or wish to draw to your attention.

We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the 2019 Ethical Standard.

Our team complete annual fit and proper declarations, including independence confirmations, as well as confirming independence from individual audited bodies when completing timesheets. The work of our Ethics team is overseen by our Ethics partner and all staff undergo regular ethics training each year.

We confirm we are independent of Grampian VJB.

Non-audit services provided prior to appointment

Ethical Standards require us to draw your attention to relevant information on recent non-audit / additional services before we were appointed as auditor. We did not provide any non-audit or additional services to Grampian VJB prior to our appointment as auditors.



Responsibilities

The Code sets out auditor responsibilities and responsibilities of the audited body. Key responsibilities are summarised below. Please refer to the Code for further detail.

Grampian VJB

Your responsibilities include:

- Maintaining adequate accounting records and working papers
- Preparing accounts for audit, comprising financial statements, which give a true and fair view, and related reports
- Establishing and maintaining a sound system of internal control
- Establishing sound arrangements for proper conduct of affairs, including the regularity of transactions
- Maintaining standards of conduct for the prevention and detection of fraud and other irregularities
- Maintaining strong corporate governance arrangements and a financial position that is soundly based
- Establishing and maintaining an effective internal audit function.

External Audit

Our responsibilities include:

- Compliance with the FRC Ethical Standard
- Compliance with the Code and UK Auditing Standards (ISA's UK) in the conduct and reporting of our financial statements audit
- Compliance with the Code and guidance issued by Audit Scotland in the conduct and reporting of our wider scope and Best Value work
- Providing assurance on specified returns and other outputs (where required), as specified in guidance issued by Audit Scotland
- Liaison with and notifying Audit Scotland when circumstances indicate a statutory report may be required
- Notifying Audit Scotland of any known or suspected frauds greater than £5,000
- Contributing to relevant performance studies (as set out in Audit Scotland's Planning Guidance for 2022/23).



Communication

ISA (UK) 260 'Communication with Those Charged With Governance', as well as other ISAs set out prescribed matters which we are required to report to those charged with governance (the Grampian VJB Board). Our reporting responsibilities are set out below. We communicate all matters affecting the audit on a timely basis, to management and/or the Grampian VJB Board.

Our communication plan	Audit Plan	Annual Report (our ISA 260 Report)
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, including planning assessment of audit risks and wider scope risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	•	•
Views about the qualitative aspects of Grampian VJB's accounting and financial reporting practices, including accounting policies, accounting estimates and financial statement disclosures		•
Significant findings from the audit		•
Significant matters and issues arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report or emphasis of matter		•

Fraud responsibilities

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements' came into force for accounting periods commencing on or after 15 December 2021. The first year this impacted on Grampian VJB was the year ended 31 March 2023. Requirements in ISA (UK) 240 (Revised May 2021) have been enhanced for the identification and assessment of risks of material misstatement due to fraud and the response to those risks.

The term fraud refers to intentional acts of one or more individuals amongst management, those charged with governance, employees or third parties involving the use of deception that result in a material misstatement of the financial statements. In assessing risks, the audit team is alert to the possibility of fraud at Grampian VJB.

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance including establishing and maintaining internal controls over the reliability of financial reporting effectiveness and efficiency of operations and compliance with applicable laws and regulations.

It is Grampian VJB's responsibility to establish arrangements to prevent and detect fraud and other irregularity. This includes:

- developing, promoting and monitoring compliance with standing orders and financial instructions
- developing and implementing strategies to prevent and detect fraud and other irregularity
- receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity.

As auditors, we are required to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

As part of our risk assessment procedures we are required to:

- identify and assess the risks of material misstatement in the financial statements due to fraud, including financial misreporting and misappropriation of assets.
- hold separate discussions with management, those charged with governance and others (as appropriate) to gain insights on their views of fraud.

Fraud responsibilities (continued)

During our audit work we will:

- design and implement appropriate audit procedures to respond to the risks of misstatement we have identified and reported in this Audit Plan
- remain alert to new risks and amend our risk assessments accordingly
- respond appropriately to any risks identified.

Throughout the audit we work with you to consider the significant risks we identify, including the operation of key financial controls. We also examine the policies in place, strategies, standing orders and financial instructions to ensure that they provide a strong framework of internal control. We will report to you any significant deficiencies we identify.

In addition, as set out in the Audit Scotland Planning Guidance 2022-23 ,we are required to:

- provide information on fraud cases to Audit Scotland on a quarterly basis
- communicate emerging issues to Audit Scotland, and
- contribute to the National Fraud Initiative report.

Anti-Money Laundering Arrangements

As required under the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 there is an obligation on the Auditor General (as set out in the Audit Scotland Planning Guidance for 2022-23) to inform the National Crime Agency if he knows or suspects that any person has engaged in money laundering or terrorist financing. Should we be informed of any instances of money laundering at Grampian VJB we will report to the Accounts Commission as required by Audit Scotland.

IT audit strategy

ISA (UK) 315 (Revised July 2020): Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and its Environment' came into force for accounting periods commencing on or after 15 December 2021. The first year this impacted on Grampian VJB was the year ended 31 March 2023.

We are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). The revised requirements in ISA (UK) 315 (Revised July 2020) include:

Key changes

- An emphasis has been added on the need for auditors to not bias their work toward obtaining corroborative evidence or excluding evidence that is contradictory.
- The concept of 'inherent risk factors' has been introduced to assist the auditor in identifying events or conditions that may affect the susceptibility of assertions about classes of transactions, account balances or disclosures to misstatement.
- A new concept of significant classes of transactions, account balances or disclosures refers to those classes for which there are assertions with an identified risk of material misstatement (referred to as relevant assertions).
- A new concept of spectrum of inherent risk applies to the extent to which inherent risk varies.
- Significant risk relates to an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the affect of inherent risk factors on the combination of the likelihood of a misstatement and the magnitude.
- A requirement for auditors to understand the entity's use of IT in its business, the related risks and the system of internal control addressing such risks. (Guidance is being provided from Audit Scotland's Digital Auditing team to assist auditors in this regard).

During our audit we will complete an assessment of the design and implementation of relate ITGCs.

IT audit strategy (continued)

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

Audit area	Planned level IT audit assessment
Financial Reporting	A detailed review of the IT General Controls related to security management, development and maintenance and technology infrastructure will be carried out for the 2022/23 financial year on these in scope systems. We will look to gain assurance on the work performed in year in relation to the design effectiveness and implementation of IT General Controls for the current financial year and update our understanding of any changes in the system since the prior financial year. We will review any changes identified in key controls from the prior year and assess the impact of any changes on the planned audit approach.
Payroll	

Future auditing developments

There are changes to the following ISAs (UK) which will impact on our LG audits for the first time in future years.

Revised standards applicable for audits of financial statement for periods commencing on or after 15 December 2022:

- ISQM (UK) 2 (Issued July 2021) 'Engagement Quality Reviews'
- ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

Revised standards applicable for audits of financial statement for periods commencing on or after 15 December 2023.

- ISA (UK) 600 (Revised September 2022) 'Special Considerations- Audits of Group Financial Statements (including the work of component auditors)' - Applicable for audits of financial statement for periods commencing on or after 15 December 2023.

A summary of the impact of the key changes on various aspects of the audit is included on the next slide.

Future auditing developments (continued (1))

A summary of the impact of the key changes on various aspects of the audit is included below:

Area of change	Impact of changes
Quality control	<ul style="list-style-type: none"> • ISQM 2 deals with the appointment and eligibility of the engagement quality reviewer (EQR) and the EQRs responsibilities relating to the performance and documentation of an engagement quality review. • The objective of the firm, through appointing an EQR, is to perform an objective evaluation of the significant judgments made by the engagement team and the conclusions reached thereon. • The objective of the auditor is to implement quality control procedures at the engagement level that provide the auditor with reasonable assurance that the audit complies with professional standards and applicable legal and regulatory requirements; and the auditor's report issued is appropriate in the circumstances.
Direction, supervision and review of the engagement	<ul style="list-style-type: none"> • Greater responsibilities, audit procedures and actions are assigned directly to the engagement lead, resulting in increased involvement in the performance and review of audit procedures.
Definition of engagement team	<ul style="list-style-type: none"> • The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The group auditor is required to determine the nature, timing and extent of involvement of component auditors in any group audit. • Component auditors may increasingly be involved in all phases of the group audit. The group auditor should be sufficiently and appropriately involved in the work of component auditors throughout the group audit, including communicating clearly about the scope and timing of their work, and evaluating the results of that work.
Documentation	<ul style="list-style-type: none"> • The amendment to these auditing standards will result in additional documentation requirements to demonstrate how these requirements of these revised standards have been addressed.

Future auditing developments (continued (2))

IFRS 16 Leases

Following further deferral of IFRS 16 Leases in Local Government, this accounting standard is now mandated for implementation by local government bodies from 1 April 2024 (although earlier adoption is permitted).

The new standard brings significant changes for lessee accounting. Key points that Grampian VJB will need to consider on transition include:

- The need to recognise the cumulative effects of initially applying IFRS 16 on the date of implementation as an adjustment to the opening balances of taxpayers' equity. (This means prior year comparators will not need to be restated).
- The need to recognise the right-of-use asset for leases previously classified as operating leases at an amount equal to the outstanding lease liability.
- No adjustments are needed for leases for which the underlying asset is of low value (less than £5,000 new) or where the lease term ends within 12 months.
- Assets where there is no or a below market rate peppercorn lease premium should be recognised as a right-of-use asset measured at current value in existing use or fair value as appropriate. Any difference between this and the lease liability will be recognised as part of the adjustment to the opening balances of taxpayers' equity.

- Irrecoverable VAT should not be included in the lease liability nor the value of the right of use asset.
- Existing finance lease and PFI liabilities that have an element based on an index or other rate will need to be reviewed and possibly amended as such variable payments are incorporated into the measurement of the lease liability under IFRS 16.
- In the year prior to implementation, the financial statements will need to disclose the anticipated impact of adopting IFRS 16 from 1 April of the following year.
- Systems will need to be in place to capture the relevant information for new leases entered into on or after implementation.

Grampian VJB will need to ensure that controls are in place to identify all of its contracts and any other arrangements which might contain the use of an asset, in order to ensure that the disclosures made in 2023/24 and accounting balances included within Grampian VJB's financial statements are complete and accurate.

Informing the audit risk assessment for Grampian Valuation Joint Board (VJB) 2022/23

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between Grampian VJB's external auditors and Grampian VJB's convenor, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the audit committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the audit committee ISA(UK) emphasise the importance of two-way communication between the auditor and the audit committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the audit committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the audit committee and supports the audit committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Board's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from Grampian VJB's management. The audit committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2022/23?	2023 Revaluation
2. Have you considered the appropriateness of the accounting policies adopted by Grampian VJB ? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	<p>Accounting Policies are reviewed each year as the Accounts are prepared and changes incorporated where deemed necessary.</p> <p>No changes to Accounting Policies are anticipated for the 2022/23 Accounts.</p>
3. Is there any use of financial instruments, including derivatives? If so, please explain	<p>No derivatives.</p> <p>Financial Liabilities – measured at amortised cost and include: Creditors for requisitions due to be returned to constituent authorities, Trade payables for goods and services received.</p> <p>Financial Assets – measured at amortised cost and include: temporary investment in the Moray Council Loans Fund, trade receivables for goods and services provided.</p>
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	Not aware of any significant transactions

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	Not aware of any specific circumstances.
6. Are you aware of any guarantee contracts? If so, please provide further details	N/A
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	N/A
8. Other than in house solicitors, can you provide details of those solicitors utilised by Grampian VJB during the year. Please indicate where they are working on open litigation or contingencies from prior years?	N/A

General Enquiries of Management

Question	Management response
9. Have any of the Grampian VJB 's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	Not aware of any instances of Fraud
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Mercer for Actuarial Services in relation to IAS 19 Employee Benefits.
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	None required

Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the audit committee and management. Management, with the oversight of the Audit committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Grampian VJB 's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit committee oversees the above processes. We are also required to make inquiries of both management and the Audit committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Grampian VJB's management.

Fraud risk assessment

Question	Management response
<p>1. Has Grampian VJB assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Board's risk management processes link to financial reporting?</p>	<p>The main financial systems of the Grampian Valuation Joint Board replicate those of the Moray Council; hence audit assurances provided in terms of the controls within the Council systems can be relied upon as being applicable to financial systems relating to the Board. The Board also has established risk management, governance and operating procedures to mitigate the risk of material misstatement in the financial statements. The Board's Code of Corporate Governance requires the identification and prioritisation of risks to the organisation's aims and objectives. These risks are detailed within a register and are subject to ongoing review with reports submitted to the Board annually or more frequently if there is a significant change to the risk profile. The latest version was included in the agenda for the Board meeting on 26th August 2022.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Accountancy maintains a risk register to record risks, controls, etc. In addition, Internal Audit will also review and test transactions to ensure compliance with Board's Regulations and Procedures. The use of IDEA, a computer assisted software system is used to analyse and select a sample for testing.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Grampian VJB as a whole, or within specific departments since 1 April 2022? If so, please provide details</p>	<p>No irregularity noted below the £5000 reporting threshold</p>

Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Risks are detailed within a register and are subject to ongoing review by the GVJB senior management team with reports submitted to the GVJB Committee annually or more frequently if there is a significant change to the risk profile.</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Grampian VJB where fraud is more likely to occur?</p>	<p>No issues noted regarding the GVJB.</p> <p>However, specific concerns have been raised within the Council regarding the threat of a successful cyber attack. The Council's CMT/ SMT has discussed the risk, and a section for Information Technology is included in the Corporate Risk Register. In addition, as part of the risk-based approach to preparing the Annual Audit Plan, an internal audit review has been undertaken regarding the Council's cyber security controls.</p>
<p>6. What processes do Grampian VJB have in place to identify and respond to risks of fraud?</p>	<p>The Board has established procedures for dealing with the risk of fraud e.g. Financial Regulations and an Anti Fraud & Corruption Policy.</p>

Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for Grampian VJB, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>The Grampian Valuation Joint Board (“the Board”) was established as part of the 1996 re-organisation of local government in terms of the Valuation Joint Boards (Scotland) Order 1995 and is vested with the functions of the three valuation authorities (Aberdeen City Council, Aberdeenshire Council and Moray Council) in the area of the former Grampian Region. When the Board was originally established it was agreed that it would also be responsible for electoral registration. The Board comprises 15 members who are appointed by the three councils. Aberdeen City Council and Aberdeenshire Council both appoint six members and Moray Council appoints 3 members.</p> <p>The Board is required to appoint three officers; a Clerk, a Treasurer and an Assessor & Electoral Registration Officer. The role of Clerk to the Board is discharged by Moray Council’s Chief Executive and the role of Treasurer to the Board is discharged by Moray Council’s Chief Financial Officer.</p> <p>This scheme of delegation sets out the matters that are delegated to the officers of the Board.</p> <p>As detailed previously, the main financial systems of the Grampian Valuation Joint Board replicate those of the Moray Council; hence audit assurances provided in terms of the controls within the Council systems can be relied upon as being applicable to financial systems relating to the Board. The responsibility for developing and maintaining a sound control environment rests with management. However, the Audit and Risk Manager prepares a risk-based audit plan which considers the Council’s strategic objectives and associated risks. While the prevention of fraud and error rests with management through the design and operation of suitable systems of control, reviews undertaken by Internal Audit will make recommendations to improve the control environment. Internal Audit also coordinates the Council’s participation in the National Fraud Initiative, a data matching exercise involving a range of public sector bodies. This activity is viewed as complementary to other audit activities, and participation assists Internal Audit in assessing the potential for the occurrence of fraud and related fraud risk</p>

Fraud risk assessment

Question	Management response
<p>9. How does Grampian VJB communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>The Board has established procedures for dealing with the risk of fraud, i.e., Financial Regulations and an Anti Fraud & Corruption Policy. The Treasurer to the Board is also the Chief Financial Officer of the Moray Council. The Board has a statutory responsibility to make arrangements for the administration of its financial affairs under the direction of a proper officer - the Treasurer. The duties and functions of the Treasurer are detailed within the Board's "Scheme of delegation to officers".</p> <p>The Council has incorporated within its standing orders and procurement procedures, arrangements in respect of contracts for the supply of services, goods or materials and the execution of works. These ensure that established and consistent contracting procedures are available for use by the Board, and all procuring officers are either fully trained or are given support by Procurement Officers as part of the Supported Tender Process.</p> <p>No significant issues were noted regarding fraud.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>There is an expectation that all staff and elected members will act within the law and with honesty and integrity at all times. In particular, all staff and elected members are expected to refrain from engaging in fraudulent or corrupt activity of any kind and shall refrain from the offering, making or accepting bribes, whether financial or otherwise.</p> <p>Governance standards promote values and behaviours for the Board that demonstrate how it will uphold good practice and high standards of conduct. These include codes of conduct for both elected members and employees and reflect the principles of public life identified by the Nolan Committee, including selflessness, honesty and integrity. This also takes in the Duty (Public Service) and Respect principles added by the Scottish Government.</p> <p>The Board and its officers are subject to a framework of local arrangements that include</p> <ul style="list-style-type: none"> • GVJB Standing orders

Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit committee?</p> <p>How does the Audit committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>There is no Audit Committee for the GVJB; instead functions are met by the GVJB Committee. Membership to the Committee comprises councillors from Moray, Aberdeenshire and Aberdeen City Councils. In accordance with the Public Sector Internal Audit Standards (PSIAS) the Audit and Risk Manager reports functionally to the GVJB Committee on various issues relative to the work of the Internal Audit Service, including special investigations.</p> <p>The GVJB Committee considers reports produced by Internal and External Audit. The reports will include recommendations to strengthen internal controls and in turn reduce the risk of fraud and related behaviours going undetected.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>None noted</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>None noted</p>

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit committee, is responsible for ensuring that Grampian VJB 's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Grampian VJB have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Board's regulatory environment that may have a significant impact on the Board's financial statements?</p>	<p>The 14 Scottish Assessors monitor and address any legal requirements impacting them on a regular basis throughout the year at meetings of the Scottish Assessors' Association Governance Committee, which reports to either SAA Plenary meetings or Assessors' Committee meetings.</p> <p>Unaware of any such changes</p>
<p>2. How is the Audit committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>Reports are presented to the Board</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2022 with an on-going impact on the 2022/23 financial statements? If so, please provide details</p>	<p>No</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>None</p>

Impact of laws and regulations

Question	Management response
5. What arrangements does Grampian VJB have in place to identify, evaluate and account for litigation or claims?	<p>The legal section has teams which specialise in different areas of Council activity and will be involved (at the request of client departments) in the implementation of more complex changes (such as formation of the IJB) and in any areas where legislation is unclear.</p> <p>Where necessary external advise will be sought.</p>
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	No

Related Parties

Matters in relation to Related Parties

Grampian VJB are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by Grampian VJB ;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Board;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Board, or of any body that is a related party of the Board.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Board's perspective but material from a related party viewpoint then the Board must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Grampian VJB 's 2021/22 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> • the nature of the relationship between these related parties and Grampian VJB • whether Grampian VJB has entered into or plans to enter into any transactions with these related parties • the type and purpose of these transactions 	<p>No changes since 2021/22.</p>
<p>2. What controls does Grampian VJB have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Senior Officers and Elected Members make annual returns and any significant factors that arise as part of this process would be factored into the Related Parties Note in the Annual Accounts.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>Normal procedures following the Authorisation policy would apply – transactions over £25,000 are checked by the Chief Financial Officer.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>For significant transactions that are new and outside the normal course of business Committee approval is required.</p>

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for Boards and ombudsmen presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

Question	Management response
<p>1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Grampian VJB will no longer continue?</p>	<p>Regular reporting on the GVJB's finances would highlight any conditions which may mean the GVJB is no longer able to deliver statutory duties.</p>
<p>2. Are management aware of any factors which may mean for Grampian VJB that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?</p>	<p>Not aware of any factors.</p>
<p>3. With regard to the statutory services currently provided by Grampian VJB, does Grampian VJB expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Grampian VJB to cease to exist?</p>	<p>It is expected that the GVJB will continue to deliver statutory services.</p>
<p>4. Are management satisfied that the financial reporting framework permits Grampian VJB to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?</p>	<p>The annual accounts will be prepared on a going concern basis and this will provide a faithful representation of the items included in the financial statements.</p>

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Valuation of Property, Plant & Equipment Valuation of Pension Liability
2. How does the Board's risk management process identify and address risks relating to accounting estimates?	By engaging with experts in each of the areas identified the risk of material misstatement is reduced.
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	The results of prior year audits are looked at and whether there was any material concerns raised or amendments made – in those instances accounting estimates would be reviewed.
4. How do management review the outcomes of previous accounting estimates?	The results of prior year audits are looked at and whether there was any material concerns raised or amendments made – in those instances accounting estimates would be reviewed.
5. Were any changes made to the estimation processes in 2022/23 and, if so, what was the reason for these?	No changes were made in 2022/23.

Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Each area is looked at in isolation and the skills/knowledge/capacity of relevant Services considered.
7. How does the Board determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	Ensuring that relevant information is provided on time and accurately to ensure that the information received can be relied upon.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Regular updates provided by preparers of the Accounts on any issues that arise.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	The unaudited accounts are reported to Committee and then again upon completion of the audit. External Audit reporting also helps to inform on estimates.

Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	Not aware of any additional areas where new estimates would be required to be disclosed.
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	No major changes required to annual accounts in previous years.
12. How is the Audit committee provided with assurance that the arrangements for accounting estimates are adequate ?	Annual accounts are reported to the GVJB.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Depreciation & Amortisation	Straight Line method over the useful life of the asset.	Estates provide useful life estimates.	Internal Valuers		No
Accruals	Based on actual entries in the ledger, or on information received from departments.		No	In most cases based on actual ledger entries so no estimation. Where estimates are provided we know it will be based on professional judgement and we would query if it was materially different from estimates provided.	No
Valuation of Land & Building	Measured at current value	Liaison with Estates	Internal Valuers	All valuations carried out by Moray Council's Head of Estates in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors	No
Valuation of pension Liabilities	Based on information from Actuaries.	Information provided to actuaries based on year end position reducing the need for use of estimates.	Yes	Disclosure in accounts regarding the changes that could happen and the impact it would have on the figures included in the accounts	No



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REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 30 JUNE 2023

SUBJECT: UNAUDITED ANNUAL ACCOUNTS FOR 2022/23

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 2023.

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 2023.

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 are presented to the Board's appointed Auditor by the 30 June in the next financial year.

3.3 The unaudited Annual Accounts for 2022/23 have been prepared in accordance with the Code of Practice on Local Authority Accounting, supported by International Financial Reporting Standards.

4. 2022/23 ANNUAL ACCOUNTS

4.1 Copies of the unaudited Annual Accounts for the year ended 31 March 2023 have been distributed with this report.

4.2 At the meeting on 4 February 2022, the Board agreed the Revenue Budget for 2022/23 (paragraph 5 of the Minute refers) of £4,896,000. The requisitions to constituent authorities were set at £4,749,000 with approved use of earmarked NDR reserves of £147,000.

- 4.3 The core budget was set at £4,481,000, with an additional £268,000 budgeted for NDR Reform.
- 4.4 The net expenditure for the year, as shown on Appendix 1, was £4,402,000 resulting in an underspend of £494,000. The budgeted use of reserves (£147,000) was not required and therefore the overall year end variance is £347,000.
- 4.5 The total underspend of £347,000 is split between the core budget (£283,000) and NDR Reform budget (£64,000).
- 4.6 The estimated outturn reported to the Board on 4 February 2022 was £442,000 of an underspend; a projected variance of £301,000 in the core budget and £141,000 in the NDR Reform budget. This final outturn and variances are discussed in more detail in paragraphs 5.1 to 5.13 below.

Reserves

- 4.7 The Board at its meeting on 28 January 2011 (paragraph 4 of the Minute 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.
- 4.8 In setting the 2022/23 Revenue Budget, the Treasurer clarified that the cumulative balance on the uncommitted part of the General Fund should be calculated on the core budget alone and exclude any separate budgets with earmarked funding i.e. the NDR reform budget.
- 4.9 Under the policy the maximum amount that can be transferred to the General Fund in 2022/23 is £5,000 increasing the balance of the fund from £219,000 to £224,000.
- 4.10 It was agreed at the meeting of the Board on 7 February 2020 that an earmarked reserve could be created to allocate any unspent budget on NDR Reform to cover the implementation of the reform in future years.
- 4.11 The budget for 2022/23 included a provision of £415,000 to meet the cost of preparations to deliver reforms to NDR following the Barclay review. As mentioned in paragraph 4.5 above, there was an underspend of £64,000 which has been year transferred to the earmarked reserve, bringing the balance to £472,000.
- 4.12 The total of the Usable Reserves £696,000 as shown in Note 16 to the Accounts is the balance of the General Reserve (£224,000) and the earmarked NDR portion (£472,000).

Refund to Authorities

- 4.13 Following the transfer out of the General Fund and into the NDR earmarked reserve an anticipated £278,000 falls due to be returned to the constituent

authorities. The confirmed audited amount will be reported at the first Board meeting after the audit work is complete. The split of the estimated refund between authorities is shown below:

2022/23 Proposed Surplus Refund to Authorities		
	%	£
Aberdeen City Council	38.78	107,895
Aberdeenshire Council	44.79	124,623
Moray Council	16.43	45,737
Total	100.00	278,255

Accounts 2022/23

- 4.14 The Comprehensive Income and Expenditure Account shows a deficit of £396,000 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 £431,000 for the total of superannuation contributions payable and an accrual for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward. The depreciation charge of £34,000 is removed and CFCR £29,000 added.
- 4.15 This results in the net transfer in to the General Fund of £5,000, and in to the NDR earmarked reserve of £64,000.
- 4.16 The Movement in Reserves Statement in 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.
- 4.17 The Usable Reserves show the reserves which members of the Board have control over: the General Reserve of £224,000 and the earmarked NDR Reserve of £472,000.
- 4.18 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 17 to the Accounts.

5. VARIANCES

Significant Variances between Budget and Actual for 2022/23

- 5.1 The actual result for the year, set out in the unaudited annual accounts, forms **APPENDIX 1** to this report. The Appendix also gives a detailed analysis of the variance between the core budget and NDR Reform funding.

- 5.2 The underspend in 2022/23 can be attributed to the ongoing pressures with recruitment of staff and a delay in moving to a shared IT service with Aberdeenshire Council.
- 5.3 Employee costs were under budget by £301,000, mainly due to vacancies and part vacancies throughout the year. Within this, £170,000 relates to the NDR Reform posts that remained vacant in the year due to existing recruitment challenges.
- 5.4 IT maintenance and support costs were under budget by £181,000 due to costs that had been expected to be incurred 2022/23 while the service moved to a shared service with Aberdeenshire Council now carrying into 2023/24. There was also an underspend on hardware costs which had been budgeted for new staff.
- 5.5 A significant increase in postage costs during the year resulted in an overspend of £56,000.
- 5.6 Printing and stationery costs were underspent by £26,000.
- 5.7 There were other minor variances in supplies and services.
- 5.8 Income received during the year was above budget by £46,000 in total; with the £15,000 government grant received to cover costs that will be incurred as a result of new duties placed on EROs by the Elections Act 2022 and £31,000 from favourable interest rates in the year.

Significant Variances between Forecast and Actual Variances for 2022/23

- 5.9 As explained in paragraph 4.5, the total underspend in 2022/23 was £347,000; core budget at £283,000 and NDR Reform budget at £64,000. This is compared to an estimated variance of £442,000 reported to the Board in February; being a core budget variance of £301,000 and NDR Reform of £141,000.
- 5.10 The main areas of difference between the forecast and the final outturn was on postages where an overspend of £333,000 was forecast but the actual year end figure was an overspend of £350,000.
- 5.11 In NDR reform, the actual underspend was £210,000 compared to an estimated £141,000, this is due to higher underspend on staff (£53,000) and postages (£18,000) than had been estimated. £268,000 had been requisitioned for NDR reform expenditure and £6,000 had been estimated to be used from reserves but as the underspend came in higher than forecast £64k was therefore not required in 2022/23 and remains available for use in the future.

6 CONCLUSION

- 6.1 The Board met the statutory deadline for the submission of the annual accounts to the External Auditor by 30 June 2023.**

6.2 The Board generated a surplus of £347,000 for the year to 31 March 2023. It is anticipated that a total of £278,000 will be returned to constituent authorities following the annual audit.

Author of Report:	Susan Alexander, Accountant
Background papers:	Held within Accountancy Section, Moray Council
Date:	16 June 2023

UNAUDITED ACCOUNTS



**GRAMPIAN
VALUATION
JOINT BOARD**

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

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MANAGEMENT COMMENTARY

Strategy and objectives

The Assessor & Electoral Registration Officer is charged with the provision of valuation assessment and registration services across Aberdeen City Council, Aberdeenshire Council and Moray Council areas.

These strictly defined and regulated services are delivered by the Assessor & Electoral Registration Officer, the responsible independent statutory official, in partnership with the Grampian Valuation Joint Board, an independent local government body which was established by The Valuation Joint Boards (Scotland) Order 1995 and is comprised of members from each of the constituent authorities. The Board is required to appoint and resource the Assessor. The constituent authorities are required to appoint and resource an Electoral Registration Officer (ERO) and, by agreement, the Board has undertaken this responsibility on behalf of the local authorities.

The priorities for 2022/23 were:

- Implement a full household canvass;
- Publish revised registers by 1 December 2022;
- Deliver the 2023 general revaluation of all non-domestic properties;
- Preparation for the entry of certain parts of public parks in the valuation roll from 2023;
- Maintain a complete and accurate Valuation Roll in terms of the Local Government (Scotland) Act 1975;
- Maintain a complete and accurate Council Tax Valuation List in terms of the Local Government Finance Act 1992;
- In liaison with the Valuation Appeal Panel, arrange a schedule of hearings to dispose of a backlog of Council Tax appeals that had been delayed as a result of the pandemic;
- Continue to develop IT systems and procedures to deliver the non-domestic rates reform changes that include more frequent revaluations, greater transparency and improved information gathering powers;
- Continue to integrate IT systems into Aberdeenshire Council's framework.

Monitoring regimes

The Electoral Commission has a performance monitoring framework in place for EROs across the UK and requires quantitative and qualitative performance returns.

The Cabinet Office in its capacity as lead department for the implementation of individual electoral registration and canvass reform across the UK also required performance returns from EROs during 2022/23.

Quarterly revaluation appeal resolution returns are made to the Scottish Government that in turn publishes the local and national data.

Key performance indicators to monitor performance in relation to the updating of the Council Tax Valuation List and the Valuation Roll are set by the Board and are reported quarterly to the Board and annually to Scottish Government.

In discussion with the Electoral Commission, the Electoral Registration Committee of the Scottish Assessors Association are finalising a set of key performance indicators in relation to electoral registration activities and these will be reported on annually from 2023/24 onwards.

MANAGEMENT COMMENTARY (continued)

Business model

The organisation delivers the outcomes that are required by statute in a dual strand approach with the Board providing resources and oversight and the Assessor & ERO delivering the specialised independent professional services of valuation assessment and electoral registration. The organisation normally operates out of offices in Aberdeen, Banff and Elgin and in 2022/23, operational activity moved from mainly home-based activity due to the pandemic-related restrictions to a hybrid home/office working model.

The Assessor & ERO and his staff work closely with the other Scottish Assessors and EROs via the Scottish Assessors' Association (SAA) to deliver a service across Aberdeen City, Aberdeenshire and Moray council areas that is consistent with that being delivered across all 32 local authority areas in Scotland. The sharing of expertise and representation through the SAA is a unique example of shared services across Scotland that includes a national website and data source for a wide range of stakeholders that includes citizens, business, third sector, public agencies, government and research bodies.

Appeal outcome data and performance indicators measure the effectiveness of the organisation's valuation assessment role and the Electoral Commission's performance framework monitors the registration outcomes.

Despite the continued impact of the pandemic the organisation met all the demands placed upon it in terms of valuation assessment and electoral registration during 2022/23.

A fair review of the business

In terms of our priorities:

Implement a full household canvass using the reformed canvass model

Under the reformed canvass model, the 2022 canvass again used data to determine the appropriate approach to be taken on a household-by-household basis. A data matching exercise was carried out where the registration database was compared to government records and the results returned to the registration officer. Where the results suggested that there was no change in the household composition, a canvass communication letter summarising the registration information for the household was issued and the household was invited to only respond if there were changes at the property. Where the results indicated that changes in a household composition may have taken place, a different canvass procedure followed, that required a response from the household and follow-up actions by the ERO. All properties which required a personal visit were canvassed by a member of the canvass team.

For the 2022 canvass, a total of 398,367 canvass communications were issued, a small increase compared to the 389,584 canvass communications in 2021, but well below the numbers issued prior to the introduction of the reformed canvass model.

MANAGEMENT COMMENTARY (continued)

Publish revised registers by 1 December 2022

Revised registers were published on 1 December 2022 and the table below provides a summary of the last three revised registers for local government and Scottish Parliament elections.

Revised registers	Number of electors	Number of postal voters
1 December 2020	448,331	88,494
1 December 2021	448,607	119,213
1 December 2022	448,915	119,611

During the period from 1 December 2021 to 30 November 2022, 47,406 additions and 47,428 deletions were made to the registers. During the same period, 37,854 initial invitations to register (ITRs) were issued along with 37,082 first and second reminders. With the resumption of ITR visits following the pandemic, 10,654 potential electors were visited in order to encourage them to register.

Deliver the 2023 general revaluation of all non-domestic properties

2022/23 was an extremely demanding year for the valuation service with a requirement to carry out a general revaluation of some 30,500 non-domestic subjects across Grampian.

Past revaluations were carried out with regard to the levels of value prevailing two years prior to the date the new Roll came into force e.g. for the 2017 Revaluation the “tone” date was 1 April 2015.

Non-domestic rates reform resulting from the Barclay Review meant that, in order to align more closely with the market, revaluations now take place three yearly instead of five yearly and with regard to a “tone” date only one year ahead of the date the new roll was due to come into force i.e. for the 2023 Revaluation that came into force on 1 April 2023, the “tone” date was 1 April 2022.

The consequence of this was a considerably reduced window within which to ingather and analyse evidence and then produce and publish valuations, particularly with a new legal requirement to publish a draft roll on 30 November 2022 and at the same time issue all proprietors, tenants and occupiers with a draft valuation notice before then issuing them with final valuation notices to reflect the published revaluation roll on 15 March 2023. An additional task that also came from the Barclay Review was, for the bulk classes of subject, a requirement, both at the draft and final notice stages, to provide ratepayers with a list of rented properties that had informed the valuation of their own property.

This major task was achieved through the hard work and dedication of colleagues and their willingness to undertake overtime working to cover for a number of vacancies in the valuation team.

Preparation for the entry of certain parts of public parks to the valuation roll from 2023

This was an additional task arising from the Barclay Review of Non-Domestic Rates. From 1 April 2023, under S.5 of the Non-Domestic Rates (Scotland) Act 2020, parts of previously exempt public parks require to be entered in the Valuation Roll. This was a challenging task involving a requirement to identify, survey and value those parts of public parks not in the occupation of the local authority or Crown and the parts of public parks in the occupation of the local authority or Crown where there may be a requirement to pay for access to facilities or for goods or services provided on it.

MANAGEMENT COMMENTARY (continued)

Maintain a complete and accurate Valuation Roll in terms of the Local Government (Scotland) Act 1975 &

Maintain a complete and accurate Council Tax Valuation List in terms of the Local Government Finance Act 1992

These two priorities use quantitative target-based performance indicators rather than qualitative measures and as such the indicators can be misleading as achieving the targets relies partly on the timely receipt of information from the owners and occupiers of dwellings and non-domestic properties. Valuer vacancies and the requirement to deliver the 2023 Revaluation, including the survey and valuation of parts of previously exempt public parks, had an impact on the organisation's ability to meet the timescales suggested by the key performance indicators in 2022/23. The last 3 year's figures are shown in the tables below.

Valuation Roll – number of alterations made to Valuation Roll/time taken from effective date of alteration to Valuation Roll to date of issue of valuation notice

Year	< 3 months		3-6 months		> 6 months		Total Number
	Number	%	Number	%	Number	%	
2020/21	426	29.3	280	19.2	749	51.5	1,455
2021/22	663	39.4	380	22.6	640	38.0	1,683
2022/23	527	30.4	338	19.5	867	50.1	1,732
Target		65*		20*		15*	

* Target for 2020/21 was 70%, 15% & 15%

Council Tax – number of dwellings entered into Valuation List/time taken from date of entry in Valuation List to date of issue of valuation notice

Year	< 3 months		3-6 months		> 6 months		Total Number
	Number	%	Number	%	Number	%	
2020/21	1,357	61.4	408	18.4	447	20.2	2,212
2021/22	2,465	83.2	344	11.6	155	5.2	2,964
2022/23	1,938	71.1	623	22.9	164	6.0	2,725
Target		94		3		3	

Despite the challenges of delivering the 2023 Revaluation with a reduced workforce, the organisation has performed very well in fulfilling its statutory requirements to maintain the Valuation Roll and List and it is a testimony to the hard work and dedication of colleagues that the current level of update to the Valuation Roll and Council Tax Valuation List has been achieved.

In liaison with the Valuation Appeal Panel, arrange a schedule of hearings to dispose of a backlog of Council Tax appeals that had been delayed as a result of the pandemic

MANAGEMENT COMMENTARY (continued)

The four Grampian Valuation Appeal Committees each held a number of hearings across the latter part of the year. This, too, was a major challenge for valuation staff, given the other commitments described above. However, the backlog of appeals that arose as a result of the pandemic was largely cleared such that the number to be transferred to the new First Tier Tribunal was minimal.

Continue to develop IT systems and procedures to deliver the non-domestic rates reform changes that include more frequent revaluations, greater transparency and improved information gathering powers

Work on this continued throughout 2022/23 and is still in progress at a local level and at a national level through work on the Scottish Assessor's Portal at saa.gov.uk.

Significant development time was devoted to a new requirement for providing ratepayers with lists of rented properties that informed the valuations of their properties.

The transfer of the work of the independent valuation appeal committees to a new chamber in the Scottish Courts and Tribunal Service took effect from 1 April 2023. This move brings with it a change to the appeal procedures in relation to both domestic and non-domestic valuations resulting in a requirement to redesign and improve our in-house appeal databases.

Continue to integrate IT systems into Aberdeenshire Council's framework

A Service Level Agreement is now in place whereby Aberdeenshire Council's IT section now manage the Board's IT infrastructure and provide day-to-day IT support to staff. Additional integration of services continues to be undertaken, all with the aim of providing savings to the Board whilst providing a more comprehensive, robust and resilient service to users.

Future challenges

The priority for the next year is to continue to fulfil our statutory duties across all three service strands: council tax, valuation for rating, and electoral registration.

In relation to council tax, the current Scottish Government has council tax reform as one of its key priorities although there is no concrete timescale for it. It is planned that a citizen's assembly will be set up to consider the way forward and the situation will be monitored by the Assessor through the Scottish Assessors Association and its Domestic Subjects Committee of which he is currently the Secretary. The First-tier Tribunal (Transfer of Functions of Valuation Appeal Committees) Regulations 2023 has introduced a particular challenge by reducing to six weeks the period within which a Council Tax proposal must be dealt with.

In relation to valuation for rating, the organisation faces three main challenges in 2022/23.

Firstly, with the transfer of the work of the independent valuation appeal committees to the Scottish Courts and Tribunal Service from 1 April 2023 there is a new two-stage proposals and appeals system with different procedures and tighter deadlines to be managed. Significant IT development work has been carried out to facilitate the new processes.

Secondly, in order to be classed as a Non-Domestic property and liable for Non-Domestic rates instead of Council Tax, the operator of a self-catering property is now required to provide evidence of 70 days of actual letting as well as 140 days of intention to let from 2022-23 onwards. The letting must be on a commercial basis, with a view to the making of profit. This change requires Assessors to request information annually from operators to prove that the tests are satisfied. If the property is not considered to be self-catering it will enter the Council

MANAGEMENT COMMENTARY (continued)

Tax Valuation List, at an appropriate valuation band, and will be liable for Council Tax. The legislation requires that the entry to the Council Tax Valuation List is to be made retrospectively. This will be a significant challenge as there are currently around 1500 Self Catering Unit entries in the Grampian rolls.

Thirdly, a significant volume of appeals against entries in the 2017 rolls remain outstanding and require to be disposed of no later than 31 December 2023.

The current level of vacancies in the valuation team makes these tasks more acutely challenging. The difficulties of recruiting suitably qualified professional staff are not unique to the Grampian Assessor and is being experienced by colleagues in other Assessors' offices and across the public sector more widely.

In relation to electoral registration, the Elections Act which received Royal Assent in April 2022 brings with it several changes which will impact on the work of the organisation, including the requirement for voter identification in relation to UK elections and the removal of the restriction on British citizens who have been resident overseas for more than 15 consecutive years from voting in UK elections. The repeal of the Fixed Term Parliaments Act in March 2022 adds more uncertainty and complexity to the date of a future UK general election, particularly when considered alongside the ongoing review of UK Parliament constituencies by the Boundary Commission, which will result in a significant amount of work. We also await Statutory Instruments regarding changes to postal and proxy voting rules.

The legislative changes described above indicates that operational agility and planning will be the key to the success of the implementation and delivery of the required procedural developments.

Key performance indicators (KPI)

The organisation's code of corporate governance established a KPI reporting and three-year review regime. They seek to quantify the effectiveness of the organisation's activities in relation to the Valuation Roll of non-domestic property assessments and the Valuation List of domestic property council tax band allocations. The Assessor & ERO provides performance reports at every meeting of the Board and an annual public performance report is published online. KPI targets for the three years from 2021/22 onwards were agreed by the Board at its June 2021 meeting.

The Electoral Commission's performance framework for electoral registration officers focuses on both qualitative and quantitative performance monitoring. As mentioned earlier, the Electoral Registration Committee of the Scottish Assessors Association is finalising a set of key performance indicators in relation to electoral registration activities, and these will be reported on annually from 2023/24 onwards.

Principal risks and uncertainties

The organisation maintains an operational and strategic risk register which is continually monitored and reviewed by the management team.

The principal risks and uncertainties relate to dynamic valuation assessment and electoral registration statutory frameworks, challenges in terms of financial resources and, particularly, securing sufficient valuation expertise to deliver our services.

MANAGEMENT COMMENTARY (continued)

Apart from the normal control measures in terms of financial and operational planning, the Assessor & ERO and the management team seek to mitigate risk and uncertainty through partnership working through the Scottish Assessors Association (SAA) and external agencies. The Assessor & ERO is Secretary to the SAA Electoral Registration and Domestic Subjects committees and a member of the Electoral Management Board for Scotland. These roles will assist the organisation to meet the challenges of any developments in relation to the valuation assessment and registration functions of the organisation and also with the identification of risks and the work required to minimise uncertainties in what remains an extremely unpredictable and challenging public sector environment.

Financial Performance

Revenue Expenditure

The Grampian Valuation Joint Board, at its meeting on 4 February 2022, approved the 2022/23 Revenue Budget of £4.896m (2021/22 £4.933m), a decrease of 1%. The requisitions to constituent authorities were set at £4.749m (2021/22 £4.842m) with approved use of reserves of £0.147m. The core budget was set at £4.481m, with an additional £0.268m budgeted for NDR Reform.

The Joint Board receive quarterly Revenue Monitoring reports during the year in order to keep the board members fully informed as to the latest position, and projected outturn.

The actual net expenditure in 2022/23 was £4.402m (2021/22 £4.114m) resulting in an underspend of £0.494m for the year. The budgeted use of General Reserve of £0.147m is not required, thus giving an overall variance of £0.347m. Of this total, £0.064m was transferred to the NDR Reserve for future commitments, while £0.005m was transferred out of the General Fund Reserve to bring the balance back to the maximum permitted under the Board's Reserves Policy. This balance of £0.278m is available to return to the constituent authorities.

The Comprehensive Income and Expenditure Statement shows a deficit of £0.396m on the provision of services for the year. After allowing for the reversal of statutory charges for International Accounting Standard 19 (IAS19) of £0.431m, and depreciation totalling £0.034m, this leaves the £0.005m transferred to the General Fund and £0.064m to the NDR Reserve.

The following table shows a summary of the figures for the main variances between budget and actual for the year to 31 March 2023. These figures are monitored and reported to the Board throughout the year, and exclude accounting adjustments related to pensions, short-term accumulating absences and depreciation. Actual under/overspends are explained in the detailed variance analysis below.

MANAGEMENT COMMENTARY (continued)

2021/22		2022/23	2022/23	2022/23
Actual		Budget	Actual	Variance
£000		£000	£000	£000
3,110	Employee Benefit Expenses	3,634	3,333	(301)
1,150	Other Service Expenses (including capital financed from current revenue (CFCR))	1,218	1,065	(153)
62	Support Service Recharges	59	65	6
(8)	Interest and Investment Income	(2)	(33)	(31)
(200)	Government Grants and other Service Income	(13)	(28)	(15)
4,114	Net (Under)/Overspend Against Budget	4,896	4,402	(494)
	Funded by:			
(4,842)	Requisitions	(4,749)	(4,749)	-
-	Approved use of Reserves	(147)	-	147
(728)	Outturn for the year	-	(347)	(347)

The main variances from budget during the year were:

- £0.301m underspend for Employee costs, largely due to staff vacancies and difficulties experienced in recruiting suitably qualified staff.
- There is an underspend of £0.153m on other service expenses, detailed below.
- ICT Maintenance and Supports costs are £0.181m under budget. The IT maintenance and support budget this year included components over and above the routine core ICT budget; including one-off start up costs while the service move to a shared service with Aberdeenshire Council. Many of these costs have not yet been realised due to the timing of the move carrying into 2023/24. Part of this underspend also arises from hardware costs that had been budgeted for new staff, but as previously mentioned, recruitment of staff has been challenging.
- There was an overspend on postages of £0.056m due to the substantial increase in postage costs during the year.
- Printing and stationery costs had an underspend of £0.026m
- The £0.015m variance in income is mainly due to the government grant received to cover costs that will be incurred as a result of new duties placed on EROs by the Elections Act 2022.
- The £0.031m variance in interest income is mainly due to favourable interest rates during the year.
- Of the £0.064m underspend related to NDR reforms, £0.170m is within the employee costs, £0.041m on other expenditure, and without the budgeted use of the earmarked reserve of £0.147m, this gives the underspend of £0.064m.

General Reserve

In setting the 2022/23 Revenue Budget the Treasurer clarified that the cumulative balance on the uncommitted part of the General Fund should be calculated on the budget for the Joint Board's core costs alone and exclude budgets with a separate funding stream e.g. NDR earmarked reserve for implementation of the Barclay Review.

MANAGEMENT COMMENTARY (continued)

The NDR reserve does not go by the same principles, given the nature of funding for NDR reform by the Scottish Government.

The General Reserve balance at 31 March 2023 is £0.224m with an additional £0.472m earmarked for the NDR reform Implementation.

Going Concern

The Balance Sheet at 31 March 2023 shows an excess of assets over liabilities of £11.5m (net asset of £0.764m at 31 March 2022). The North East Scotland Pension Fund is required to carry out actuarial valuations every three years. Future actuarial valuations of the North East Scotland Pension Fund will consider the appropriate employee/employer's rate to meet the commitments of the Fund and the constituent authorities of the Board are required to fund the liabilities of the Board as they fall due. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of these Annual Accounts.

Councillor Donald Gatt
Convener

Mark J Adam MRICS AEA (Cert – Scotland)
Assessor & Electoral Registration Officer

Lorraine Paisey CA
Treasurer

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

The Board's 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 the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In the Valuation Joint Board, that officer is the Treasurer to the Board;
- 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 the Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2021, and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government Scotland Act 2003);
- approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Board at its meeting on

Signed on behalf of the Grampian Valuation Joint Board

Councillor Donald Gatt
Convener

The Treasurer's Responsibilities

The Treasurer to the Board 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 2022/23 (the Accounting Code).

In preparing these 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;
- complied with the local authority Accounting Code (in so far as it is compatible with legislation);
- kept adequate accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the 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.

Lorraine Paisey CA
Treasurer

Date

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

The Board was established in terms of The Valuation Joint Boards (Scotland) Order 1995 and is the valuation authority for Aberdeen City Council, Aberdeenshire Council and Moray Council. The Board is responsible for the provision of valuation assessment services for local taxation purposes. Through an agreement to share services, the Board also provides electoral registration services for the same three constituent authorities.

The Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must ensure that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Board is considered to be a local authority in terms of the Local Government etc. (Scotland) Act 1994 and has a duty to deliver continuous improvement as set out in the Local Government in Scotland Act 2003. In discharging this overall responsibility, the Board is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its valuation and registration functions. This includes arrangements for the management of risk.

Responsibility for delivery - members and officers

In terms of the above Order, the Board membership comprises 6 members appointed by Aberdeen City Council, 6 members appointed by Aberdeenshire Council and 3 members appointed by Moray Council.

To fulfil its operational role, the Board is responsible for the appointment of an Assessor, and deposes as appropriate, in terms of section 27 of the Local Government etc. (Scotland) Act 1994. In practice the Assessor and Deputies manage the provision of valuation assessment and electoral registration services on a day-to-day basis, with the Board providing resources, a governance framework and a monitoring regime for financial and operational performance.

The Assessor is also appointed as the Electoral Registration Officer (ERO) for the Board's three constituent authorities. This too is a statutory position with the ERO and Deputies appointed in terms of section 8 of the Representation of the People Act 1983.

The Board has approved and adopted a local code of corporate governance that is reviewed biennially and is available at www.grampian-vjb.gov.uk

The purpose of the governance framework

The governance framework comprises the systems, processes, cultures and values by which the Board is directed and controlled, and the activities used to engage with the community. It enables the Board to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective valuation assessment and registration services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level, and provide reasonable, but not absolute, assurance that the statutory requirements of the Assessor and ERO are met and policies, aims and objectives can be delivered. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

ANNUAL GOVERNANCE STATEMENT (continued)

The governance framework

The key elements of the systems and processes that comprise the Board's governance arrangements are described in terms of the seven principles of good governance defined in the framework and summarised as follows:

Governance Principle 1 - behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

The Board's code of conduct provides a clear standard in terms of conduct and behaviour, as does the Board's personnel related policies that deal with mainstreaming equalities into the fabric of the organisation, dignity of the individual, whistleblowing, special leave and personal development. These policies go beyond behavioural matters and reflect the positive approach to workforce development to the extent that career development schemes are in place across all three service strands: non-domestic property valuation assessment, domestic property valuation assessment and electoral registration. As such, career pathways are available to almost all staff.

In order to avoid duplication, the Board relies on the registers of interests and gifts maintained by the relevant constituent authorities for elected members. A register of interests has been established for all employees and a register of gifts is also maintained. The Assessor & ERO and Deputies are bound by the policies of the Board and must also adhere to the professional standards regime set by the Royal Institution of Chartered Surveyors (RICS).

Issues relating to actions taken or not taken by officials can be addressed through the organisation's complaints handling procedure. This procedure was updated in 2021 following the revision of the national Complaints Handling Procedures (CHP) scheme by the Scottish Public Services Ombudsman.

The organisation maintained its commitment to combating fraud during the year by assisting with the National Fraud Initiative. The Assessor & ERO also works closely with the Electoral Commission, the Electoral Management Board and Police Scotland. If necessary, suspected fraudulent registration or absent vote applications are referred to the Police Scotland single point of contact.

Governance Principle 2 - ensuring openness and comprehensive stakeholder engagement.

The Board's decision-making processes are well established with decisions concerning finance, performance and governance being taken by the Board. Standing orders and regulations govern how decisions are made and appropriate legal, financial and other professional advice is considered as part of the decision-making process.

At an operational level, stakeholder involvement falls within the domain of the Assessor & ERO.

The engagement work following the 2017 revaluation has continued with the focus being on appeal resolution and Non-Domestic Rating (NDR) reform. The Assessor and ERO's engagement strategy has been to maintain a high level of accessibility and visibility in the public domain. Significant changes in the information gathering regime took place during 2020/21 and a major project to ingather information in preparation for the 2023 revaluation got underway in 2021/22 and continued into 2022/23. In order to achieve greater transparency and certainty for ratepayers two measures were introduced for the 2023 Revaluation. Firstly, all proprietors, tenants and occupiers of non-domestic properties were provided with a Draft

ANNUAL GOVERNANCE STATEMENT (continued)

Valuation Notice indicating the Rateable Value shown in the Draft Valuation Roll published on 30 November 2022. Secondly, for the majority of subjects valued using the Comparative Method of Valuation, Assessors have published lists of rented properties that informed the basic rate used in valuing their property.

The online voting information page on the Board's website which was established in 2020/21 continues to be developed so users can easily access information or application forms for the service or action that they require.

An initial venture into the realm of social media was established in 2021/22 with the creation of a Twitter account for the electoral registration service. This account is still in its infancy but it is intended to be developed to provide local electoral registration content to social media users.

The Board's performance management framework is reviewed regularly to drive continuous improvement and ensure effective monitoring of progress and outcomes against stated objectives. Reporting arrangements include regular updates to the Board, the Electoral Commission, the Electoral Management Board, the Cabinet Office, the Scottish Government, and online publication of annual performance reports.

Protocols are in place to meet requests made under the Freedom of Information Act and, through the Scottish Assessors' Association, Assessors have established procedures to improve the response standards where common requests for information are made.

As part of the Equalities mainstreaming regime progress has been made towards capturing service user feedback that will inform future service design and delivery.

Governance Principle 3 - defining outcomes in terms of sustainable economic, social and environmental benefits.

The Board, being focussed around delivery of specialised valuation and electoral registration services has a limited role to play in the wider community planning aspects anticipated by the governance framework set out by CIPFA/Solace. The Board is therefore conscious of the need to ensure that its mode of operation and the delivery of the valuation and registration services reflect the responsibilities towards the communities in Grampian in terms of devolved service delivery models that support the sustainability of communities across the whole region and minimise natural resource demands. In terms of the two specialised services the Board delivers, they are foundation stones to local government and democracy at local, national and international levels, as they provide the means to raise local taxation and to conduct elections/referendums.

Operational outcomes for these services are essentially driven by statute and it is pertinent to this governance principle to note that legislation has now been laid to reform local taxation¹ and electoral registration² and thus improve sustainability and economic and social benefits.

The implementation of local taxation reforms has continued to be the subject of scrutiny during the last year and, through the work of the various committees of the Scottish Assessors Association, the Assessor and his team have continued to work with other stakeholders to ensure that the new system is implemented at a local and national level and is sustainable and effective. Work in connection with the new information gathering powers continued

¹ [Non-Domestic Rates \(Scotland\) Act 2020 \(legislation.gov.uk\)](https://legislation.gov.uk)

² [Elections Act 2022 Stages - Parliamentary Bills - UK Parliament](#)

ANNUAL GOVERNANCE STATEMENT (continued)

throughout 2022/23 and procedures are now in place to ensure that a comprehensive and robust information gathering regime is in place for the future three yearly revaluations of non-domestic properties.

After a period of significant legislative changes to address social and democratic inequalities, including the introduction of individual electoral registration in 2014, the enfranchisement of 16 and 17 year olds in Scotland in 2016, major reforms to the annual canvass in 2020 and the widening of the franchise in Scotland to include prisoners and non-European Union (EU) and non-Commonwealth foreign nationals during 2020³, electoral registration during 2022/23 was relatively settled. However, electoral registration officers, through the SAA Electoral Registration Committee, were represented on various groups involved in the development of procedures arising from the Elections Act 2022.

Governance Principle 4 - determining the interventions necessary to optimise the achievement of intended outcomes.

As a specialised outcome-orientated organisation, our activities of producing, maintaining, and defending Valuation Rolls, Valuation Lists and Electoral Registers essentially drive the organisation's agenda. The Board and the Assessor & ERO recognise the financial challenges they face and through established reporting arrangements ensure that Board members have full detail of resource inputs and performance outputs. Regular and detailed financial reports are made available to the Board and the outcomes for the organisation that are essentially driven by statute, are monitored in terms of performance.

The Management Team focus on these outcomes and work closely to innovate and optimise them. Innovation and agility continued to be key requirements to maintain service delivery during 2022/23, particularly as the majority of colleagues now work on a hybrid home/office basis. Innovation and agility will continue to be key requirements during 2023/24 and beyond as NDR reforms continue to be implemented.

Governance Principle 5 - developing the entity's capacity, including the capability of its leadership and the individuals within it.

Roles of elected members and officers are clearly defined and constructive working relationships are achieved to ensure clear relationships between the Board, the Assessor and ERO, corporate stakeholders and the public.

Standing orders regulate the form and content of board meetings and the Board's financial regulations provide a framework for financial decisions. Performance reports are made at each board meeting and the Board's key performance indicators are subject to regular periodic review.

As part of its commitment to lifelong learning and to foster a personal development culture and seek to retain personnel the organisation operates an internal recruitment procedure that encourages personal development and ultimately improve leadership capacity.

New employees receive induction training on arrival and in the majority of cases are able to participate in a career grade development scheme that seeks to promote personal and professional development. Surveyors, who are members of the Royal Institution of Chartered Surveyors (RICS), are subject to additional compulsory continuing professional development training that is monitored by the RICS.

³ [Scottish Elections \(Franchise and Representation\) Act 2020 \(legislation.gov.uk\)](https://legislation.gov.uk)

ANNUAL GOVERNANCE STATEMENT (continued)

The organisation's training officer is responsible for monitoring training provision and recording progress. The training officer is also responsible for identifying appropriate training opportunities.

During 2021/22, the organisation put forward its largest single cohort of candidates for the Association of Electoral Administrators Certificate in Electoral Administration, a welcome development which will ensure the organisation has a more qualified and knowledgeable workforce in what is a very specialised field.

Functions and roles of statutory posts including the Clerk, Treasurer and Assessor & ERO are clearly defined and the postholders work closely together to achieve the objectives of the organisation.

Governance Principle 6 - managing risks and performance through robust internal control and strong public financial management.

The Board's decision-making process is well established with governance, finance and performance issues being reported at board meetings that take place in public (unless exempt under statutory provision) and the board reports are published online and made available to the media. Rules and procedures govern how decisions are made and appropriate legal, financial and other professional advice is considered as part of the decision-making process. Scrutiny is secured through internal and external audit.

Decisions of the Assessor & ERO are subject to public scrutiny, scrutiny via appeal and complaint processes to the respective judicial bodies and external stakeholders that monitor performance such as the Electoral Commission and the Electoral Management Board for Scotland. In addition, the SAA website provides practice notes that provide details on how rateable values are determined and allows individual taxpayers to look up the assessment of every non-domestic and domestic property in Scotland and the valuations of an increasing number of different subject types.

The Board and the Assessor & ERO reported on performance to the Electoral Commission, the Cabinet Office, the Scottish Government and the Scottish Information Commissioner during 2022/23.

Risk management is a fundamental part of the organisation's decision-making process and as such is a standing item on the Assessor & ERO's management team agenda, with the Board reviewing the risk register on an annual basis.

To control and mitigate against risk, the Board's system of internal control is based on a framework of financial regulations that are revised and updated periodically and supplemented by regular management information, administrative procedures, management supervision and a code of corporate governance. Establishing and maintaining an effective system of internal control is a management function. The Board, through its consideration of reports by internal and external auditors, monitors the effectiveness of internal control procedures.

Policies to combat fraud, theft, bribery and corruption are in place, not only in order to protect public finance, but also to ensure the veracity of the statutory rolls, lists and registers that the Assessor & ERO is required to provide. The Assessor and ERO works closely with Police Scotland at a local and national level. IT resilience and effectiveness were strengthened during 2021/22 with Aberdeenshire Council's IT section taking responsibility for managing the Board's IT infrastructure and providing IT support to users. Further integration in this regard is planned for 2023/24.

ANNUAL GOVERNANCE STATEMENT (continued)

A performance management system is in place which calls for reporting of established performance measures to the Board at quarterly intervals throughout the year. An annual Public Performance Report is also published.

The Board's governance arrangements have been developed and maintained to comply with the core functions of various good framework guidelines including Code of Practice on Managing the Risk of Fraud and Corruption, Public Sector Internal Audit Standards (incorporating the principles of the Role of the Head of Internal Audit), Audit Committees: Practical Guidance for Local Authorities and Police, etc.

Strong financial management procedures are secured through the work of the Treasurer appointed in terms of s95 of the Local Government (Scotland) Act 1973. This officer provides advice to the Board and the Assessor & ERO on all financial matters and ensures the timely production and reporting of budget estimates, budget monitoring reports and annual accounts.

Governance Principle 7 - implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Board business is conducted through an established cycle of quarterly meetings. These meetings were all held online during 2022/23. Meeting dates are published in advance. Reports follow a corporate style and include: the purpose of the report, information relevant to the matter under consideration, a conclusion and recommendations. Minutes of meetings are prepared by a member of Moray Council's Committee Services team on behalf of the Clerk and made available on Moray Council's website with links also available via the Board's website.

Information is disseminated in many forms and targeted at different audiences for different purposes, ranging from statutory returns that follow prescribed layouts, through to media releases and presentations which may be focussed on specific groups of service users. The organisation's website is regularly updated with news items to ensure that the Grampian community is kept up to date with pertinent information.

Assurance and accountability oversight is a key role for the Board which comprises members from a variety of political backgrounds. The Board receives reports on the work of the internal auditor and the external auditor placing particular focus on recommendations arising from audit work and on the corrective actions proposed by the officials of the Board.

Review of effectiveness of governance arrangements

The review of effectiveness of the governance framework including the system of internal control is pursued throughout the year by various means involving:

- **The Board**

In practice, governance arrangements are monitored over the year with Board meetings taking place four times during each year. The Board consists of members from each of the three councils and from across the political spectrum and considers reports on financial and operational performance and governance matters. It also examines the annual public performance and audit reports.

ANNUAL GOVERNANCE STATEMENT (continued)

- **The Management Team**

The management team which has overall responsibility for good governance arrangements, currently comprises the Assessor & ERO, two Depute Assessors & EROs, three Assistant Assessors and the Principal Admin Officer. The management team has now reverted to meeting on a quarterly basis.

- **The Assessor and ERO**

The Assessor & ERO has the statutory responsibility for the Valuation Rolls, Valuation Lists and Electoral Registers. The Assessor is essentially the chief executive for the organisation and has a wide range of financial, personnel, governance and reporting responsibilities.

- **The Treasurer**

The Treasurer has statutory responsibility for the Board's financial affairs in terms of Section 95 of the Local Government (Scotland) Act 1973. This officer provides relevant financial advice and support to the Assessor and ERO and elected members at meetings of the Board and otherwise as required. The Board's financial management arrangements generally conform to the governance requirements of the CIPFA statement on the role of the chief financial officer, and whilst the Treasurer is not a member of the management team, she is actively involved in, and is able to influence, decision-making processes.

The Treasurer is responsible for ensuring that an effective system of internal financial control is maintained. The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. The system includes comprehensive budget setting and monitoring arrangements and the preparation of regular financial reports indicating actual expenditure against forecasts that are reported at each board meeting.

- **Internal Audit**

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Board on the control environment comprising risk management, internal control, and governance by evaluating its effectiveness in achieving the organisation's objectives.

It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

Responsibility for the delivery of the Internal Audit Service is provided by the Audit and Risk Manager of the Moray Council. The Audit and Risk Manager provides the Board with independent assurance on risk management, governance and internal control in line with the Public Sector Internal Audit Standards.

ANNUAL GOVERNANCE STATEMENT (continued)

Internal Audit informs the effectiveness of the financial control environment as an element of the Board's governance arrangements. No fundamental control weaknesses were reported during the period covered by this statement.

• External Agencies

In addition to the various internal review processes and the financial audit referred to above, there are a number of bodies that the organisation is required to report to/submit governance arrangement for approval. The Scottish Information Commissioner collects data on requests and responses under Freedom of Information and Environmental Information legislation and will intervene where it considers enforcement action is required. The Keeper of Records reviews and approves records management arrangements.

The way the organisation delivers its valuation and registration services is also subject to scrutiny by external agencies, with the valuation assessment aspect reported to the Scottish Government and subject to a case-by-case scrutiny on appeal and the Electoral Commission and Electoral Management Board reviewing and reporting on the performance of the ERO.

This organisation has possibly one of the largest service communities in the Grampian area providing registration services to over 448,000 citizens, and property valuation assessments for over 330,000 properties. Such a wide and comprehensive reach throughout the Grampian region also provides a barometer for the success or otherwise of the organisation's service delivery.

Significant governance issues

Securing good governance continues to be of prime importance to elected members, senior officials of the Board and members of the management team. It is a significant task, particularly at a time when budgets are under significant pressure and major changes such as NDR and electoral reform are being implemented.

In the 2021/22 governance statement, the key challenges facing the organisation for 2022/23 were to:

- Continue to upgrade our operational capacity in terms of workforce, processes and IT systems to meet the challenges of moving to a 3-yearly revaluation cycle;
- Upgrade systems and working practices to deal with the new 2 stage proposal and appeal system which comes into force on 1 January 2023;
- Maintain the drive to improve and streamline our governance arrangements, progress equalities mainstreaming and performance monitoring and complete the work to widen our existing customer consultation framework;
- Continue the work to maximise the effectiveness of the electoral registration system in order to capitalise upon information sources and to enhance and develop the online voting information pages of our website to streamline voter contact and engagement;
- Manage the resources that will be required to manage the changes brought in by the Elections Act 2022;
- Continue to manage the resourcing required to ensure that this organisation meets all statutory commitments;

ANNUAL GOVERNANCE STATEMENT (continued)

We successfully met all operational demands as we exited the Covid-19 pandemic whilst moving from mainly home-based to a hybrid home/office approach.

Workforce recruitment proved successful for administrative and technical posts during 2022/23 but despite multiple rounds of advertising, we were unsuccessful in the recruitment of suitably qualified valuation staff.

Development of IT systems has continued as has the adaptation of working practices to meet the challenges of working on a hybrid home/office basis. Lessons learned from this will inform future process changes and IT developments.

Work to improve and streamline governance arrangements, progress mainstreaming and performance monitoring and widen the customer consultation framework continued to be slow. The availability of HR resources remained at a reduced level and continued to have an impact on the refresh of governance policies.

Progress to optimise the new electoral registration system was not as significant as hoped but we are now in a better position to investigate and assess the benefit of additional information sources during 2023/24.

The organisation continued to face challenges during 2022/23 in particular the requirement to deliver the 2023 Revaluation of non-domestic properties. The variation and rescheduling of the demands on the organisation do challenge resource management but close monitoring, management and reporting along with a degree of flexibility ensured that appropriate resourcing was in place and that all commitments were met.

Looking ahead the key challenges for 2023/24 are:

- Continue to upgrade our operational capacity in terms of workforce, processes and IT systems to meet the challenges of moving to a 3-yearly revaluation cycle;
- Upgrade systems and working practices to deal with the new 2 stage proposal and appeal system which came into force on 1 April 2023;
- Continue the work to improve and streamline our governance arrangements, progress equalities mainstreaming and performance monitoring and complete the work to widen our existing customer consultation framework;
- Continue the work to maximise the effectiveness of the electoral registration system in order to capitalise upon information sources and to enhance and develop the online voting information pages of our website to streamline voter contact and engagement;
- Manage the resources that will be required to manage the changes brought in by the Elections Act 2022 and the Boundary Commission with particular regard to preparation for the next UK Parliamentary General Election (date unknown);
- Continue to manage the resourcing required to ensure that this organisation meets all statutory commitments. In particular, there is a requirement to tackle significant levels of vacancy in the valuation team.

ANNUAL GOVERNANCE STATEMENT (continued)

Concluding Remarks

In our respective roles as Convener of the Board and Assessor & ERO, we are committed to good governance and recognise the contribution it makes to securing delivery of service, outcomes in an effective and efficient manner. This annual governance statement summarises current governance arrangements, provides evidence of progress and affirms our commitment to ensuring that the Board's governance framework is responsive to the dynamic and challenging environment in which we serve.

Councillor Donald Gatt
Convener

Mark J Adam MRICS AEA (Cert - Scotland)
Assessor & Electoral Registration Officer

REMUNERATION REPORT

This report has been written to provide details of the Grampian Valuation Joint Board's remuneration arrangements for its senior councillors and senior employees. This is required under the Local Authority Accounts (Scotland) Regulations 2014.

All information disclosed in the tables 1 to 6 in this Remuneration Report is audited by the external auditors, Grant Thornton UK LLP. The other sections of the Remuneration Report are reviewed by Grant Thornton UK LLP to ensure that they are consistent with the financial statements.

Remuneration of Councillors, Senior Councillors, Convener and Depute Convener

The remuneration of councillors is regulated by The Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2022 (SSI No. 2022/18). These regulations set out the amounts a councillor may be paid for being a Convener or Depute Convener of a Joint Board. This is inclusive of any amounts payable to them as either a councillor or senior councillor of their own Local Authority.

The Board consists of 15 members comprising 6 from Aberdeen City Council, 6 from Aberdeenshire Council and 3 from Moray Council. The local authority of which the Convener or Depute Convener is a member pays the remuneration appropriate to the member's work with the Joint Board. Conveners receive a remuneration which when added to their existing remuneration as a Councillor/Senior Councillor equals 75 percent of the Leader of a "Band A" council, i.e. £24,467 per annum. The Depute Convener's remuneration is calculated on the basis of the basic salary plus 75 percent of the difference between the basic salary and the Convener's salary, i.e. £23,244 per annum. These rates are effective for the year ending 31 March 2023.

The Board has an arrangement with each Council which remunerates the Convener and Depute Convener/s to reimburse the Council for the additional costs of that councillor arising from them being a Convener or Depute Convener of the Board.

Councillor Leadbitter was Convener of the Grampian Valuation Joint Board until 5 May 2022 and he already received a Special Responsibility Allowance from Moray Council. This allowance is paid for in full by Moray Council and will be included in their remuneration report. Consequently no additional award is due for undertaking duties for the Valuation Board.

Councillor Cormie was Depute Convener until 5 May 2022. The Board pays a Special Responsibility Allowance to the Depute Convener of the Board. Details of his salary are included in the remuneration report for Aberdeen City Council.

Councillor Gatt was elected as Convener of the Grampian Valuation Joint Board on 26 August 2022. From this date Councillor Gatt has received a Special Responsibility Allowance for his role as Convener and the Board reimburses Moray Council for the additional cost.

Councillor Davidson of Aberdeenshire Council was elected Vice Convener on 26 August 2022. Councillor Davidson already receives a Special Responsibility Allowance for duties within the Council which are paid for in full by Aberdeenshire Council and will be included in their remuneration report. Therefore no reimbursement is due by the Board.

All other Councillors' expenses are paid directly by the authority that they serve and will also be included in the individual authority's remuneration report.

Remuneration of Senior Councillors, Convener and Depute Convener (Table 1)

Councillor Name and Responsibility	Total Remuneration 2021/22	Salary, fees and allowances	Total Remuneration 2022/23
	£	£	£
Councillor Gatt Convener (from 26 August 2022)	-	2,935	2,935
Councillor Comrie Depute Convener (until 5 May 2022)	3,491	355	355
Total	3,491	3,290	3,290

No taxable expenses were paid in 2022/23 or in 2021/22.

Remuneration of Councillors (Table 2)

Grampian Valuation Joint Board paid the following salaries, allowances and expenses for all councillors (including senior councillors) during the year. It includes expenses met directly by the Board and expenses reimbursed to Councillors.

Type of Remuneration	2021/22	2022/23
	£	£
Salaries	3,491	3,290
TOTAL	3,491	3,290

Remuneration of Senior Employees

The Local Authority Accounts (Scotland) Amendment Regulations 2014 require remuneration information to be disclosed for senior employees as defined below:

- i. A person who has responsibility for the management of a local authority to the extent that the person has power to direct or control the major activities of the authority whether solely or collectively with other persons.
- ii. A person who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989.
- iii. A person whose annual remuneration, including any annual remuneration from a local authority subsidiary body is £150,000 or more.

These regulations apply equally to Joint Boards and remuneration disclosure is therefore required for the Assessor and Electoral Registration Officer (ERO) and two Depute Assessor and Depute Electoral Registration Officers who are deemed to be senior employees for the Grampian Valuation Joint Board. Details are shown on Table 3 below.

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) sets the terms and conditions and pay bandings for senior employees but remuneration levels and pay scales are set locally and were last agreed by the Board on 23 January 2004.

Remuneration of Senior Employees of the Board (Table 3)

Name and Post Title	Total Remuneration 2021/22	Salary, fees and allowances 2022/23	Taxable Expenses 2022/23	Total Remuneration 2022/23
	£	£	£	£
Mark Adam Assessor & ERO	123,086	121,852	822	122,674
Gavin Oag Depute Assessor & ERO	104,884	95,584	788	96,372
Jim Barron Depute Assessor & ERO	41,764	87,054	743	87,797
TOTAL	269,734	304,490	2,353	306,843

The Treasurer and the Clerk to the Board do not receive remuneration from the Valuation Joint Board. The duties of the posts are covered by the post holders' substantive posts in Moray Council. Details of their salaries are included in the remuneration report for Moray Council.

Pension Benefits

Pension benefits for Councillors and Local Government employees are provided through the North East Scotland Pension Fund, a Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. For benefits earned up to 31 March 2023, the councillor's pay for each year or part year ending 31 March (other than the

pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day in the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the year of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

The Board pay a contribution to the Pension Fund for the Convener and Depute Convener's pensions if they are members of the scheme and this is based on a percentage of the cost of the Special Responsibility Allowance. Details are shown on Table 4 below.

For local government employees, up until 31 March 2015 pension benefits accrued are based on final salary. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. Benefits earned from 1 April 2015 are based on 'career average'. The scheme's normal retirement age for both councillors and employees is 65 for benefits up to 31 March 2015 and the State Pension Age for benefits built up after 1 April 2015.

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. Prior to 2009 contributions rates were set at 6% for all non-manual employees. The members' contribution rates for 2022/23 remain at the 2009/2010 rates although the pay bandings have been adjusted. The tiers and contribution rates are shown below.

Tiered Contribution Pay Rates

Pensionable Pay 2021/22	Rate (%) 2021/22	Pensionable Pay 2022-23	Rate (%) 2022/23
On earnings up to and including £22,300	5.50%	On earnings up to and including £23,000	5.50%
On earnings above £22,301 and up to £27,300	7.25%	On earnings above £23,001 and up to £28,100	7.25%
On earnings above £27,301 and up to £37,400	8.5%	On earnings above £28,101 and up to £38,600	8.5%
On earnings above £37,401 and up to £49,900	9.5%	On earnings above £38,601 and up to £51,400	9.5%
On earnings of £49,901 and above	12%	On earnings of £51,401 and above	12%

Pension Benefits (continued)

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) some pension for a lump sum up to the limit set by the Finance Act 2004. Up until 31 March 2015, the accrual rate guarantees a pension based on 1/60th of the 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 the final pensionable salary and years of pensionable service). From 1 April 2015, the accrual rate guarantees a pension of 1/49th of pensionable pay for each year. At the end of each year the benefits are revalued and increased by inflation.

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 full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their local government service, and not just their current appointment.

Senior Councillors (Table 4)

	In-year pension contributions	
	For the year to 31 March 2022	For the year to 31 March 2023
	£	£
Councillor Cormie Depute Convener (until 5 May 2022)	625	64
Councillor Gatt Convener (from 26 August 2022)	-	566
Total	625	630

The above amounts show the in-year contributions relating to the Special Responsibility Allowance shown in Table 1. The total pension benefits relating to Councillor Cormie are detailed in the remuneration report of Aberdeen City Council.

Senior Employees (Table 5)

The pension entitlements of Senior Employees for the year to 31 March are shown in the table below, together with the contribution made by the Board to each Senior Employees' pension during the year.

Pension Benefits (continued)

	In-year pension contributions			Accrued pension benefits	
	For the year to 31 March 2022	For the year to 31 March 2023		As at 31 March 2023	Difference from March 2022
	£	£		£	£
Mark Adam			Pension	62,735	6,962
Assessor & ERO	21,330	23,490	Lump Sum	106,800	10,009
Gavin Oag			Pension	47,715	3,497
Depute Assessor & ERO	17,584	18,423	Lump Sum	68,992	3,285
Jim Barron			Pension	38,614	6,617
Depute Assessor & ERO	7,981	16,760	Lump Sum	57,432	9,999
Total	46,895	58,673		382,288	40,369

All senior employees shown in the tables above are members of the North East Scotland Pension Fund. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service and not just their current appointment.

General Disclosure by Pay Band

The Regulations require information to be provided for the number of persons whose remuneration is £50,000 or more. This information is disclosed in bands of £5,000 and is shown below.

General Disclosure by Pay Band (Table 6)

The Table includes the remuneration of the senior employees detailed in Table 3.

Pension Benefits (continued)

Remuneration Band	Number of Employees	
	2022/23	2021/22
£50,000 - £54,999	1	5
£55,000 - £59,999	4	1
£60,000 - £64,999	2	1
£65,000 - £69,999	1	-
£70,000 - £74,999	-	1
£85,000 - £89,999	1	-
£94,999 - £99,999	1	-
£100,000 - £104,999	-	1
£120,000 - £124,999	1	1
	11	10

Councillor Donald Gatt
Convener

Mark J Adam MRICS AEA (Cert - Scotland)
Assessor & Electoral Registration Officer

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. This differs from the expenditure to be funded from the requisitions raised by the Board from the three constituent Local Authorities in accordance with statute. The effect on the General Fund is shown in the Movement in Reserves Statement and Note 7 Expenditure and Funding Analysis and Adjustments between Accounting Basis and Funding Basis under Regulations.

		2021/22					2022/23	
£000	£000	£000		Note	£000	£000	£000	
Expenditure	Income	Net			Expenditure	Income	Net	
4,760	(200)	4,560	Rating and Council Tax Valuation and Electoral Registration		4,922	(28)	4,894	
4,760	(200)	4,560	Cost Of Services		4,922	(28)	4,894	
-	(12)	(12)	Financing and Investment Income and Expenditure	10	6	(33)	(27)	
		(4,363)	Requisitions and Non-Specific Grant Income	20			(4,471)	
		185	Deficit/(Surplus) on Provision of Services	8			396	
		49	Remeasurement of the Net Defined Benefit Liability	23			(11,159)	
		49	Other Comprehensive (Income) and Expenditure				(11,159)	
		234	Total Comprehensive (Income) and Expenditure				(10,763)	

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

This Statement shows the movement in the year on the different reserves held by the Board, analysed into usable reserves (those that can be applied to fund expenditure) and unusable reserves. The Statement shows how the movements in the year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable against requisitions for the year. The Increase or Decrease line shows the statutory General Fund movements in the year.

	General Fund £000	Total Usable Reserves £000	Unusable Reserves (Note 17) £000	Total Board Reserves £000
2021/22				
Balance at 31 March 2021	378	378	620	998
Total Comprehensive Income and Expenditure	(185)	(185)	(49)	(234)
Adjustments to usable reserves permitted by accounting standards	5	5	(5)	-
Adjustments between accounting basis & funding basis under regulations (Note 7)	429	429	(429)	-
Increase / (Decrease) in Year	249	249	(483)	(234)
Balance at 31 March 2022	627	627	137	764
2022/23				
Balance at 31 March 2022	627	627	137	764
Total Comprehensive Income and Expenditure	(396)	(396)	11,159	10,763
Adjustments to usable reserves permitted by accounting standards	5	5	(5)	-
Adjustments between accounting basis & funding basis under regulations (Note 7)	460	460	(460)	-
Increase / (Decrease) in Year	69	69	10,694	10,763
Balance at 31 March 2023	696	696	10,831	11,527

BALANCE SHEET AS AT 31 MARCH 2023

The Balance Sheet shows the value as at the Balance Sheet date of 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.

31 March 2022		31 March 2023
£000	Note	£000
730	Property, Plant & Equipment	696
-	Other Long Term Assets	10,246
730	Long Term Assets	10,942
90	Short Term Debtors	85
1,380	Cash and Cash Equivalents	1,205
1,470	Current Assets	1,290
(933)	Short Term Creditors	(705)
(933)	Current Liabilities	(705)
(503)	Other Long Term Liabilities	-
(503)	Long Term Liabilities	-
764	Net Assets/(Liabilities)	11,527
	Usable reserves	
627	General Fund	696
627	Total	696
	Unusable Reserves	
247	Revaluation Reserve	242
482	Capital Adjustment Account	453
(503)	Pensions Reserve	10,246
(89)	Employee Statutory Adjustment Account	(110)
137	Total	10,831
764	Total Reserves	11,527

The notes on Pages 39 to 66 form part of the Financial Statements.

Lorraine Paisey CA
Treasurer

Date

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

The Cash Flow statement shows the changes in cash and cash equivalents of the Board during the financial year. 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 Board are funded by way of requisition and grant income or from the recipients of services provided by the Board. 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, i.e. assets.

31 March 2022		31 March 2023
£000		£000
(185)	Net surplus/(deficit) on the provision of services	(396)
214	Adjust net deficit on the provision of services for non cash movements (Note 19)	221
<u>29</u>	Net cash flows from Operating Activities	<u>(175)</u>
	(16) Investing Activities	
<u>13</u>	Net increase/(decrease) in cash and cash equivalents	<u>(175)</u>
<u>1,367</u>	Cash and cash equivalents at the beginning of the financial year	<u>1,380</u>
<u>1,380</u>	Cash and cash equivalents at the end of the financial year	<u>1,205</u>

NOTES TO THE 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 2014, which section 12 of the Local Government in Scotland Act 2003 requires to 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 and the Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. The principal accounting policies have been applied consistently throughout the year. The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of property, plant and equipment.

2 Accruals of Income and Expenditure

Income and expenditure are accounted for in the year in which they take place, not simply when cash payments are made or received. Where income and expenditure has 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 the debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3 Charges to Revenue for Non-Current Assets

The service is charged with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

4 Requisitions and Contributions

Requisitions and contributions relating to capital and revenue expenditure are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition(s) (as opposed to restrictions) that the Board has not satisfied.

5 Cash and Cash Equivalents

The Board uses Moray Council's bank account for financial transactions and the balance is invested in the Council's Loans Fund. This balance is repayable on demand and therefore treated as a cash equivalent and is included in the Balance Sheet at amortised cost, which equates to the actual cash value at 31 March 2023.

Note 1 (continued)

6 Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Board. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

7 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Board to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis in the Comprehensive Income and Expenditure Statement at the earlier of when the Board can no longer withdraw the offer of those benefits or when the Board recognises costs for a restructuring.

8 Going Concern

The Annual Accounts have been prepared on a going concern basis. As at 31 March 2023, the Balance Sheet of the Board shows a net asset position of £11.527m. This is made up of a net long term pension reserve of £10.246m and net assets of £1.281m

9 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

10 Value Added Tax

VAT is included in the Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable. The net amount due to or from HM Revenue and Customs in respect of VAT is included as part of debtors or creditors.

11 Reserves

The Board sets aside specific amounts as reserves for future policy purposes. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against requisitions for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Board.

Note 2 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code requires the Board to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts. This applies to the adoption of the following new or amended standards within the 2022/23 Code:

- Definition of Accounting Estimates (Amendments to IAS 8);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax (Amendments to IAS 12)
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The Code requires implementation from 1 April 2023 and there is, therefore, no impact on the 2022/23 Financial Statements.

The above amendments are not anticipated to have a material impact on the information provided in the Financial Statements.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Treasurer has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Annual Accounts are:

- Assets held at current value are revalued on a five year basis as set out in the accounting policy for Property, Plant and Equipment. Moray Council's Asset Manager (Commercial Property), who undertakes valuations on behalf on the Board and is a qualified RICS valuer, asserts that the carrying amount does not materially differ from that which would be determined using current value.

Note 4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Annual Accounts contains estimated figures that are based on assumptions made by the Board about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Board's Balance Sheet at 31 March 2023 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Note 4 (continued)

Item	Uncertainties	Effect if Actual Results Differ From Assumptions
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	The effects on the net pensions liability of changes in individual assumptions can be measured and are detailed in Note 23.

Note 5 Material Items of Income and Expenditure

Where material items of income and expenditure are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the Code requires that the nature and amount of these items are disclosed in a note to the accounts. The following items are regarded as material:

Nature	2021/22	2022/23
	£000	£000
Grant income from the Scottish Government	186	13
Barclay Implementation Funding (included in requisitions)	453	268

Grant income from the Scottish Government was received to provide for the introduction of the Electoral Integrity Programme (EIP) from May 2023 across the UK. The EIP falls under the new Elections Act 2022 which contains measures such as introducing the requirement to show ID at polling stations, improving the accessibility of elections to make it easier for people with disabilities to vote, and bringing in changes to postal and proxy voting. Unspent funding in 2022/23 will be put to the earmarked reserve and used in 2023/24. The Barclay Implementation Funding was paid to the three local authorities, and requisitioned in full by the Board, to implement the recommendations from the Barclay review of Non Domestic Rates. Unspent Barclay Funding in 2022/23 will be put to the earmarked reserve and used in future years.

Note 6 Events After The Reporting Period

The unaudited Annual Accounts were issued on 30 June 2023 by Lorraine Paisey, Treasurer. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 7 Expenditure and Funding Analysis and Adjustments between Accounting Basis and Funding Basis under Regulations

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (requisitions and government grants) by the Board in comparison with those resources consumed by the Board in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making.

Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

31 March 2022					31 March 2023				
Net Expenditure chargeable to General Fund £000	Adjustments between Funding and Accounting Basis £000	Adjustments to usable reserves permitted by accounting standards £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure chargeable to General Fund £000	Adjustments between Funding and Accounting Basis £000	Adjustments to usable reserves permitted by accounting standards £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	
4,122	433	5	4,560	Rating and CT valuation & Electoral Registration	4,435	454	5	4,894	
4,122	433	5	4,560	Net Cost of Services	4,435	454	5	4,894	
(4,371)	(4)	-	(4,375)	Other Income and Expenditure	(4,504)	6	-	(4,498)	
(249)	429	5	185	(Surplus) or Deficit	(69)	460	5	396	
(378)				Opening Balance	(627)				
(249)				(Surplus) or Deficit	(69)				
(627)				Closing Balance	(696)				

Note 7 (continued)

Adjustments between the Funding and Accounting Basis

2021/22

	Adjustment for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Rating and CT valuation & Electoral Registration	13	466	(46)	433
Net Cost of Services	13	466	(46)	433
Other Income and Expenditure	-	(4)	-	(4)
Difference between the General Fund Deficit and the Comprehensive Income and Expenditure Statement (Surplus) or Deficit	13	462	(46)	429

2022/23

	Adjustment for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Rating and CT valuation & Electoral Registration	29	404	21	454
Net Cost of Services	29	404	21	454
Other Income and Expenditure	-	6	-	6
Difference between the General Fund Deficit and the Comprehensive Income and Expenditure Statement (Surplus) or Deficit	29	410	21	460

Note 7 (continued)

a) Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line.

b) Net Change for the Pensions Adjustments

This column reflects the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related income and expenditure.

For the service this reflects the removal of the employer pension contributions made by the Board as allowed by statute and the replacement with current service costs and past service costs.

c) Other Differences

This column adjusts for differences between the amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable recognised under statute.

For the service this reconciles the impact of accruals for accumulating compensated absences e.g. holiday pay as required by IAS19 Employee Benefits, to the salaries actually payable in the financial year in accordance with statute.

Note 8 Expenditure and Income Analysed by Nature

The Board's expenditure and income is analysed as follows:

Expenditure and Income

	2021/22 £000	2022/23 £000
	Rating, Council Tax Valuation and Electoral Registration	Rating, Council Tax Valuation and Electoral Registration
Employee benefit expenses	3,530	3,758
Other service expenses	1,134	1,065
Support service recharges	62	65
Depreciation, amortisation and impairment	34	34
Interest payments	-	6
Total Expenditure	4,760	4,928
Requisitions	(4,363)	(4,471)
Government grants and other service income	(200)	(28)
Interest and investment income	(12)	(33)
Total Income	(4,575)	(4,532)
(Surplus) or deficit on the provision of services	185	396

Note 9 Earmarked Portions of the General Fund

Portions of the General Fund are earmarked for specific purposes as described below. Underspends or overspends against budget for these activities are transferred in or out of the earmarked funds at the year end.

	General Services £000	NDR Reform £000	Total £000
Balance at 31 March 2022	219	408	627
Increase/(Decrease) 2022/23	5	64	69
Balance at 31 March 2023	224	472	696

NDR Reform

The purpose of this fund is to ring-fence funding received from constituent authorities to implement reforms from the Barclay Report which followed a review into the non-domestic rates system in Scotland. The Non-Domestic Rates (Scotland) Bill took effect from 1 April 2020.

Note 10 Financing and Investment Income and Expenditure

	2021/22 £000	2022/23 £000
Pensions interest cost/(gain) and expected return on pensions assets	(4)	6
Interest receivable and similar income	(8)	(33)
	<u>(12)</u>	<u>(27)</u>

Note 11 Property, Plant and Equipment

Recognition

All expenditure on the acquisition, creation, enhancement or replacement of an asset or part of an asset is capitalised, providing the asset yields benefit for more than one year to the Board and the services it provides and the cost can be reliably measured.

Where a component is replaced or restored, the carrying amount of the old component is derecognised and the new component reflected in the carrying amount.

Measurement

New assets are measured at cost. Cost includes the original purchase of the asset and the costs attributable to bringing the assets to its working condition for its intended use.

Assets are measured at current value which is Existing Use Value for Land and Buildings and Depreciated Historic Cost for Equipment and Furniture which is used as a proxy for current value.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised when an asset is disposed of or when no future economic benefits or service potential are expected from its use. The value of the asset in the Balance Sheet and any receipt is written to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

The gain or loss on disposal is not a charge against Requisitions, as the cost of non current assets is fully provided for under separate arrangements for Capital Financing. The carrying amount of the non current asset disposal is transferred to the Capital Adjustment Account and the disposal proceeds transferred to the Capital Fund and reported in the Movement in Reserves Statement.

Note 11 (continued)

Depreciation

Depreciation is provided for on all items of property, plant and equipment with a finite useful life by the systematic allocation of their depreciable amount over their useful lives. An exception is made for land where it can be demonstrated that it has an unlimited useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Depreciation is calculated using the straight-line method. In the year of acquisition, a full year's depreciation is provided for on all assets. In the year of disposal, no depreciation is charged.

The following useful lives and depreciation rates have been used in the calculation of depreciation:-

Other Land & Buildings - 35-60 years, land is not depreciated

Vehicles, Plant, Furniture & Equipment – 5-10 years

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised.

Where an impairment loss is reversed subsequently, the reversal is credited to the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Revaluations

The Board carries out a valuation programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. The last revaluation of Land and Buildings was done with effect from 1 April 2018 and the next revaluation is scheduled during 2023/24. All valuations were carried out by Moray Council's Asset Manager (Commercial Property) in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on depreciated historic cost as a proxy for current values.

Note 11 (continued)

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000
Cost or valuation			
At 1 April 2021	696	339	1,035
Additions	-	16	16
At 31 March 2022	696	355	1,051
 Accumulated Depreciation and Impairment			
At 1 April 2021	43	244	287
Depreciation charge at 31 March 2022	15	19	34
	58	263	321
 Net Book Value			
at 31 March 2021	653	95	748
at 31 March 2022	638	92	730
 Cost or valuation			
At 1 April 2022	696	355	1,051
Additions	-	-	-
At 31 March 2023	696	355	1,051
 Accumulated Depreciation and Impairment			
At 1 April 2022	58	263	321
Depreciation charge at 31 March 2023	14	20	34
	72	283	355
 Net Book Value			
at 31 March 2022	638	92	730
at 31 March 2023	624	72	696

Note 12 Short Term Debtors

	2021/22	2022/23
	£000	£000
Prepayments	90	85
	<u>90</u>	<u>85</u>

Note 13 Cash and Cash Equivalents

	2021/22	2022/23
	£000	£000
Temporary Investment in the Moray Council Loans Fund	1,380	1,205

Note 14 Short Term Creditors

	2021/22	2022/23
	£000	£000
Trade Payables	228	164
Other Payables	705	541
Total	<u>933</u>	<u>705</u>
Tax Creditors included above	(135)	(126)
Requisition Creditors included above	(479)	(278)
Total Financial Liabilities Current Creditors	<u>319</u>	<u>301</u>

Note 15 Financial Instruments

Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Board and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Board.

The majority of the Board's financial liabilities held during the year are measured at amortised cost and comprised:

- Creditors for requisitions due to be returned to constituent authorities
- Trade payables for goods and services received

Financial Assets

A financial asset is a right to future economic benefits controlled by the Board that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Board. The financial assets held by the Board during the year are accounted for under the following classification:

- Amortised cost (where cash flows are solely payments of principal and interest and the business model is to collect those cash flows) comprising:
 - temporary investment in the Moray Council Loans Fund
 - trade receivables for goods and services provided

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Board.

Financial Instruments – Balances

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

	2021/22	2022/23
	£000	£000
Short Term Creditors - Amortised Cost	319	301

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

	2021/22	2022/23
	£000	£000
Temporary Investment in the Moray Council Loans Fund	1,380	1,205

Note 16 Usable Reserves

General Fund

The creation of a General Fund was introduced to provide the Assessor with some flexibility to investigate any spend-to-save projects which would require one-off expenditure in order to deliver future budget savings. The reserve also acts as a contingency for any unexpected costs in future years. Details of the earmarked reserve can be found in Note 9.

	2021/22	2022/23
Usable Reserves	£000	£000
General Fund	219	224
Earmarked NDR Reform Reserve	408	472
	<hr/> 627	<hr/> 696

Note 17 Unusable Reserves

	2021/22	2022/23
	£000	£000
Revaluation Reserve	247	242
Capital Adjustment Account	482	453
Pension Reserve	(503)	10,246
Employee Statutory Adjustment Account	(89)	(110)
	<hr/> 137	<hr/> 10,831

Note 17 (continued)

Revaluation Reserve

The Revaluation Reserve contains gains made by the Board arising from increases in the value of its Property, Plant and Equipment.

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.

	2021/22	2022/23
	£000	£000
Balance at 1 April	252	247
Revaluations		
Difference between fair value depreciation and historical cost depreciation	(5)	(5)
Balance at 31 March	247	242

Employee Statutory Adjustment Account

The Employee Statutory Adjustment 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 the Account.

	2021/22	2022/23
	£000	£000
Balance at 1 April	(135)	(89)
Settlement or cancellation of accrual made at the end of the preceding year	135	89
Amounts accrued at the end of the current year	(89)	(110)
Balance at 31 March	(89)	(110)

Note 17 (continued)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences 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 also 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.

	2021/22 £000	2022/23 £000
Balance at 1 April	495	482
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation and impairment of non-current assets	(29)	(29)
Capital financing in the year:		
Use of government grant to finance new capital expenditure	-	-
Capital Expenditure charged against the General Fund	16	
Balance 31 March	482	453

Note 17 (continued)

Pensions Reserve

The Pensions 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 Statement 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 pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Board has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2021/22	2022/23
	£000	£000
Balance at 1 April	8	(503)
Remeasurements of the net defined benefit (liability)/asset	(49)	11,159
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(928)	(912)
Employer's pensions contributions and direct payments to pensioners payable in the year	466	502
Balance at 31 March	(503)	10,246

Note 18 External Audit Costs

The agreed external audit fee for 2022/23 was £0.009m for work undertaken in accordance with the Code of Audit Practice (2021/22 £0.008m).

Note 19 Cashflow – Analysis of Net Deficit on the provision of services for non cash movements

	2021/22	2022/23
	£000	£000
Depreciation/Impairment charges	(34)	(34)
Pension Liability	(462)	(410)
Increase/(Decrease) in Debtors	51	(5)
Decrease/(Increase) in Creditors	231	228
	<u>(214)</u>	<u>(221)</u>

Note 20 Requisition and Grant Income

The Board credited the following requisitions to the Comprehensive Income and Expenditure Statement. The requisitions are based on population.

	2021/22	2022/23
	£000	£000
Credited to Requisitions and Non Specific Grant Income:		
Requisition from Aberdeen City Council	(1,890)	(1,858)
Requisition from Aberdeenshire Council	(2,160)	(2,115)
Requisition from Moray Council	(792)	(776)
	<u>(4,842)</u>	<u>(4,749)</u>
Returned to constituent authorities:		
Aberdeen City Council	187	108
Aberdeenshire Council	214	125
Moray Council	78	45
	<u>479</u>	<u>278</u>
Total Requisition & Grant Income	(4,363)	(4,471)

Note 21 Leases

Operating Leases – Board as Lessee

Operating lease payments are reflected in the Cost of Services heading in the Comprehensive Income and Expenditure Statement, as the rentals become payable. The Board does not have any finance leases.

The Board pays Aberdeenshire Council for the rental of their offices within Woodhill House under the terms of an operating lease. The amount paid under these terms in 2022/23 was £0.125m (£0.125m in 2021/22).

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

	2021/22	2022/23
	£000	£000
Not later than one year	125	125
Later than one year and not later than five years	500	375
More than five years	-	-
	<u>625</u>	<u>500</u>

Note 22 Related Parties

The Board is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Board or to be controlled or influenced by the Board. Disclosure of these transactions allows readers to assess the extent to which the Board might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Board.

Constituent Authorities

The constituent authorities have the potential to control or influence the Board as they provide the majority of the Board's funding. Details are shown in Note 20. The Board also made payments to the constituent authorities in the normal course of business. The amounts are detailed below:

	2021/22	2022/23
	£000	£000
Aberdeen City Council	78	75
Aberdeenshire Council	323	258
Moray Council	91	104

The amounts owed to the constituent authorities for requisitions and normal business activities at 31 March were:

Aberdeen City Council	187	108
Aberdeenshire Council	215	126
Moray Council	155	135

Members

Members of the Board have direct control over the Board's financial and operating policies. The total of members' allowances paid is shown in the Remuneration Report. There were no other material transactions with members other than the allowances shown in the Remuneration Report.

Note 23 Defined Benefit Pension Scheme

Participation in Pension Scheme

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 the employees retire, the Board has a commitment to make the payments for those benefits and must disclose them at the time that employees earn their future entitlement.

The Board participates in the North East Scotland Pension Fund (NESPF), a Local Government Pension Scheme, which is administered by Aberdeen City Council. Up until 31 March 2015 pension benefits accrued are based on final salary. This means that pension

benefits are based on the final year's pay and the number of years that person has been a member of the scheme. Benefits earned from 1 April 2015 are based on career average salary. The Scheme is a funded defined benefit scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets over a period of time.

There are also arrangements in place for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities and cash has to be generated to meet actual pension payments as they eventually fall due.

The North East Scotland Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee. The Committee is comprised of nine elected members of Aberdeen City Council. Policy is determined in accordance with the Pensions Fund Regulations. Following the introduction of The Local Government Pension Scheme (Governance) (Scotland) Regulations 2015, the Pension Fund took the opportunity to review its governance arrangements. To comply with these regulations, the Pension Fund implemented a Pension Board with representation from Unions and Employers from the 1 April 2015. With the introduction of the Pension Board, the Joint Investment Advisory Committee was disbanded.

The principal risks to the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute as described in the accounting policy note.

Transactions relating to Post-employment Benefits

In relation to the North East Scotland Pension Fund, the Board recognises 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 required to be made against requisitions is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

Note 23 (continued)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2021/22 £000	2022/23 £000
Cost of Services:		
Past Service Cost	83	0
Current Service Cost and administration expenses	849	906
Financing and Investment Income and Expenditure:		
Net Interest Expense	(4)	6
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	928	912
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement.		
Remeasurement of the Net Defined Benefit Liability comprising:		
Expected return on pension fund assets	173	2,955
Remeasurements (liabilities)	(124)	(14,114)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement.	49	(11,159)

MOVEMENT IN RESERVES STATEMENT

Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	928	912
Actual amount charged against requisitions for pensions in the year	466	502

Note 23 (continued)

Pensions Assets and Liabilities Recognised in the Balance Sheet

The change in the net pensions asset is analysed into the following components:

Current Service Cost: The increase in liabilities as a result of years of service earned this year.

Net Interest on the Net Defined Benefit Liability: The change during the year in the net defined benefit liability that arises from the passage of time – charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. It is the difference between the interest (increase) in the value of the liabilities as the benefits are one year closer to being paid and the interest on pension assets based on assets held at the start of the year. The calculation is based on the discount rate in force at the beginning of the year.

Remeasurements: This comprises the Return on Plan Assets (excluding amounts included in the Net Interest on the Net Defined Benefit Liability) and Actuarial Gains and Losses which are 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 – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions Paid to the Pension Fund: Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

The amount included in the Balance Sheet arising from the Board's obligation in respect of its defined benefit plan is as follows:

	31 March 2022	31 March 2023
	£000	£000
Present value of the defined benefit obligation	(41,103)	(28,165)
Fair value of plan assets	40,600	38,411
Net (liability)/asset arising from defined benefit obligation	(503)	10,246

Note 23 (continued)

The reconciliation of the Board's share of the present value of the North East Scotland Pension Fund's defined benefit liability is as follows:

	2022	2023
	£000	£000
1 April	(40,846)	(41,103)
Current Service Cost	(840)	(896)
Interest on pension liabilities	(844)	(1,138)
Remeasurements:		
Experience gain/(loss)	(80)	(2,255)
Gain/(Loss) on financial assumptions	0	15,496
Gain/(Loss) on demographic assumptions	204	873
Contributions by scheme participants	(155)	(166)
Benefits Paid	1,541	1,024
Past Service Cost	(83)	0
31 March	(41,103)	(28,165)

The reconciliation of the movements in the Board's share of the fair value of the North East Pension Fund's assets is as follows:

	2022	2023
	£000	£000
1 April	40,854	40,600
Interest on plan assets	848	1,132
Remeasurements (assets)	(173)	(2,955)
Administration expenses	(9)	(10)
Employer Contributions	466	502
Contributions by scheme participants	155	166
Benefits Paid	(1,541)	(1,024)
31 March	40,600	38,411

Note 23 (continued)

The Board's share of the Pension Fund's assets is:

	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	2022 £000
U.K. Equities	8,741	-	8,741
Overseas Equities	15,603	-	15,603
U.K Government Bonds	3,329	-	3,329
Other Government Bonds	-	-	-
Other U.K. Bonds	-	-	-
Other non U.K. Bonds	-	-	-
Property	-	2,647	2,647
Private Equity	-	2,513	2,513
Private Debt	-	958	958
Private Equity Infrastructure	-	747	747
Infrastructure Pooled fund	702	-	702
Private Equity Real Estate	-	512	512
Multi Asset Credit	-	3,650	3,650
Diversified Growth Funds	-	-	-
Cash Instruments	-	1,198	1,198
Total Assets	28,375	12,225	40,600
	£000	£000	2023 £000
U.K. Equities	9,426	-	9,426
Overseas Equities	11,981	-	11,981
U.K Government Bonds	2,466	-	2,466
Other Government Bonds	-	-	-
Other U.K. Bonds	-	-	-
Other non U.K. Bonds	-	-	-
Property	-	2,512	2,512
Private Equity	-	2,685	2,685
Private Debt	-	1,091	1,091
Private Equity Infrastructure	-	2,036	2,036
Infrastructure Pooled fund	818	-	818
Private Equity Real Estate	-	672	672
Multi Asset Credit	-	3,230	3,230
Diversified Growth Funds	-	-	-
Cash Instruments	-	1,494	1,494
Total Assets	24,691	13,720	38,411

Note 23 (continued)

Basis for Estimating Assets and Liabilities

The most recent valuation was carried out as at 31 March 2020 and has been updated by Mercer Limited, independent actuaries to the North East Scotland Pension Fund, in order to assess the liabilities of the Fund as at 31 March 2023. Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The principal assumptions used by the actuary have been:

	31 March 2022	31 March 2023
Financial assumptions:		
Discount rate	2.80%	4.90%
Rate of increase in salaries	4.90%	4.20%
Rate of increase in pensions	3.50%	2.80%
Rate of CPI inflation	3.40%	2.70%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.5	21
Women	24.2	23.4
Longevity at 65 for future pensioners:		
Men	23.0	22.4
Women	26.3	25.4

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, and assume for each change that the assumption analysed changes while all the other assumptions remain constant. The assumption in longevity, for example, assumes that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

The effects of a 0.1% increase/decrease in the rate for discounting scheme liabilities, the rate of inflation, and the rate of increase in salaries, a 1 year increase/decrease in life expectancy, and a +/-1% change in the 2022/23 investment returns, are shown in the table below:

Note 23 (continued)

Sensitivity Analysis as at 31 March 2023

	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4	Sensitivity 5	
		+ 0.1% p.a. discount rate	+ 0.1% p.a. inflation	+ 0.1% p.a. pay growth	1 year increase in life expectancy	+1% change in 2022/23 investment returns	-1% change in 2022/23 investment returns
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Liabilities	28,165	26,138	29,249	28,288	28,751	28,165	28,165
Assets	(38,411)	(38,411)	(38,411)	(38,411)	(38,411)	(38,793)	(38,029)
Fund Deficit/(Surplus)	(10,246)	(12,273)	(9,162)	(10,123)	(9,660)	(10,628)	(9,864)

Note 23 (continued)

Funding Strategy Statement (FSS)

The FSS sets out how the administering authority balances the potentially conflicting aims of affordability of contributions, transparency of process, stability of employers' contributions, and prudence in the funding basis.

The Pension Committee's long-term funding objective is to achieve and maintain assets equal to 100% of projected accrued liabilities, assessed on an ongoing basis. The current actuarial valuation of the Fund is effective as at 31 March 2020 and the results indicate that overall the assets represented 107% of projected accrued liabilities at the valuation date. Investments that would most closely match the pension liabilities would be gilts, predominantly index-linked, reflecting the nature of the Fund's liabilities. However, the Fund invests in other assets, in the expectation that these will provide higher returns albeit without any guarantee that higher returns will be achieved over any particular year. The benefit of higher investment return is that, over the long term, a higher level of funding should achieve lower employer contribution rates. However the additional investment returns from growth assets come with a price: greater volatility relative to the liabilities thus introducing risk. There is a trade-off between the benefits of additional investment return from greater exposure to growth assets and the greater predictability from having greater exposure to liability matching assets.

The asset proportions of the Fund at 31 March 2023, with March 2022 in brackets were: equities, including alternatives 83.2% (82.3%), bonds 6.4% (8.20%), property 6.5% (6.5%) and cash 3.9% (3.0%). This is based on the Board's proportion of assets held as supplied by the actuary, rather than the proportions held by the fund as a whole.

Impact on the Board's Cash Flows

While the Fund's main objective is to ensure solvency of the NESPF they also aim to keep employers' contributions at as constant a rate as possible. Following the 2020 valuation the Pensions Committee has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over an average surplus spread period of 24 years and have maintained an employer contribution rate requirement of 19.3% for local authorities across the scheme. During the valuation process employer rates are set for a period of three years with the next triennial valuation due as at 31 March 2023 to determine a funding level and set the rates for 2024/25 onwards.

The projected employer contributions expected to be made to the Local Government Pension Scheme in the year to 31 March 2024 is £0.501m.

The weighted average duration of the liabilities for scheme members at the 31 March 2023 valuation is 16 years.

GLOSSARY OF TERMS

EXPENDITURE

Employee Benefit Expenses

Includes direct and indirect employee expenses.

Direct expenses include salaries and overtime, employer's national insurance and superannuation contributions.

Indirect employee expenses include relocation cost, interview expenses, training and staff advertising.

Other Service Expenses

Includes

- rent, rates, repairs and maintenance and premises-related expenditure at the area offices in Banff, Elgin and Woodhill House headquarters.
- all costs associated with the hire or use of transport, including staff travel allowances and public transport and
- the cost of purchasing equipment, furniture and materials used in the operation or administration of the service, including printing and stationery, canvass expenses and valuation appeal panel costs.

Support Services

This is a charge from Moray Council for services that support the Board in its provision of services to the public. These include Legal Services, Financial Services, Internal Audit and Human Resources.

Depreciation

Depreciation is a charge to the Comprehensive Income and Expenditure Statement, reflecting the decline in value of assets as a result of their usage or ageing.

Impairment

Impairment is a charge to the Comprehensive Income and Expenditure Statement, reflecting that the recoverable amount of an asset is less than its carrying amount.

INCOME

Requisitions

Funding received from the constituent authorities for which the Board provides a service.

GLOSSARY OF TERMS (continued)

OTHER TERMS

CIPFA

The Chartered Institute of Public Finance and Accountancy

LASAAC

Local Authority (Scotland) Accounts Advisory Committee

IFRS

International Financial Reporting Standard

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom

SeRCOP

Service Reporting Code of Practice

Fair Value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk.

Current Value

For operational land and buildings, current value is the amount that would be paid for the asset in its existing use.

Economic Cost

The total cost of performing an activity or following a decision or course of action.



REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 30 JUNE 2023

SUBJECT: REVENUE BUDGET MONITORING STATEMENT FOR THE PERIOD 1 APRIL TO 31 MAY 2023

BY: TREASURER TO THE BOARD

1. REASON FOR REPORT

- 1.1 To consider the Revenue Budget Monitoring Statement for the period 1 April to 31 May 2023.
- 1.2 To consider the proposal from Aberdeenshire Council for the Assessor to relocate to the second floor in Woodhill House.

2 RECOMMENDATION

2.1 It is recommended that the Board:

- i) **consider and note the Revenue Monitoring Statement to 31 May 2023; and**
- ii) **approve the relocation in principle and to authorise the Assessor to enter into negotiations with Aberdeenshire Council on the detailed terms of the lease.**

3. CURRENT POSITION

- 3.1 At its meeting on 27 January 2023, the Board agreed the Revenue Budget for 2023/24 (paragraph 4 of the Minute refers) be set at £5,210,000 and approved the requisitions to constituent authorities of £5,034,000, with £13,000 being funded from the the Electoral reform reserve and £163,000 being funded from the earmarked NDR reserve.
- 3.2 The **APPENDIX** shows the monitoring position to 31 May 2023 against the budget. It gives details of the 2023/24 Revenue Budget, actual expenditure to date and the variance of expenditure against budget to date.
- 3.3 Total net expenditure at 31 May 2023 is £752,000 which is an underspend against budget to date of £186,000.

3.4 There are currently 13 vacancies and recruitment is actively being carried out.

NDR Reform

3.5 There is £431,000 budgeted this year for continuing the implementation of the NDR reforms following the Barclay review. £163,000 will be funded from the balance in the earmarked reserve with a further £268,000 included in the requisitions from authorities.

3.6 Of the NDR budget, £394,000 is for staffing. As mentioned in para 3.4, recruitment is being actively pursued and within NDR Reform two valuer posts remain vacant.

3.7 The remainder of the NDR budget is in Supplies & Services for Postages, ICT, subscriptions etc, but there has been no spend to date on these areas.

Year to Date Variances

3.8 There is a £129,000 underspend against budget to date within employee costs. The variance arises from vacant posts in the establishment, including NDR posts not yet occupied, and a 5% pay award for 2023/24 which has been budgeted for but not yet agreed.

3.9 There is a small underspend on property costs of £7,000 .

3.10 There is a small variance of £1,000 within Transport Costs budgets.

3.11 Budgets within Supplies and Services are under by £49,000 with the main variance in Postages and ICT Maintenance; underspends of £43,000 and £5,000 respectively. This is not causing concern at this early stage of the year.

3.12 Support charges are processed at 31 March as part of the year end closedown.

3.13 There are no other significant variances to report at this early stage in the year.

4. RELOCATION OF OFFICE SPACE

4.1 As mentioned in the Budget Monitoring Report presented to the Board on 27 January 2023, the move to new office space in Woodhill House had been delayed last year into 2023/24. Further progress has now been made with the proposal set out below.

4.2

Woodhill House Costs	Proposed £000	Current £000
Rent	71	125
Service Charge	93	88
Rates	64	61
Total	228	274

4.3 The proposed terms are higher than had been anticipated based on early discussions with Aberdeenshire Council but still results in an estimated saving of £46,000 for the next 3 years, with the current lease expiring on 31 March 2027.

5. CONCLUSION

5.1 The total net expenditure as at 31 May 2023 is £752,000 giving an underspend against budget to date of £186,000.

5.2 The Assessor and his Senior Management Team closely monitor and control budgets in order to keep within agreed levels and generate savings wherever possible throughout the year.

5.3 A detailed revenue monitoring and estimated outturn statement will be reported at the Board meeting in November 2023.

5.4 A move to the second floor in Woodhill house would generate savings of around £46,000 per annum.

Author of Report:	Susan Alexander, Accountant.
Background papers:	Held within Accountancy Section, Moray Council
Date:	22 June 2023

**GRAMPIAN VALUATION JOINT BOARD REVENUE MONITORING STATEMENT
FOR PERIOD 1 APRIL TO 31 MAY 2023**

Line No.	2023-24 Total Budget	2023-24 Budget to Date	Actual 31-May-23	Variance 31-May-23
	£'000	£'000	£'000	£'000
<u>Employee Costs</u>				
1 Salaries	3,038	506	408	98
2 National Insurance	319	53	42	11
3 Superannuation	584	98	78	20
4 Additional Pensions	24	4	4	-
5 Other Employee Costs	1	-	-	-
6 Training	33	-	-	-
Total Employee Costs	3,999	661	532	129
<u>Property Costs</u>				
7 Accommodation Charges	299	141	137	4
8 Repairs and Maintenance	23	4	1	3
9 Energy Costs	15	3	3	-
10 Cleaning	4	-	-	-
Total Property Costs	341	148	141	7
<u>Transport Costs</u>				
11 Staff Travel and Subsistence	45	8	7	1
Total Transport Costs	45	8	7	1
<u>Supplies & Services</u>				
12 Equipment, Furniture & Materials	9	1	6	(5)
13 PPE	1	-	-	-
14 Reference Books	9	1	1	-
15 Printing & Stationery	18	3	-	3
16 Postages & ER Printing	330	55	12	43
17 Telephones	7	1	2	(1)
18 Advertising	7	-	-	-
19 IT Maintenance & Support	338	68	63	5
20 Valuation Appeals	30	-	1	(1)
21 Members' Allowances	4	-	-	-
22 Fees, Charges & Subs	8	-	-	-
23 Specialist Services	29	5	-	5
24 Conference Fees & Subsistence	2	-	-	-
25 Other Supplies & Services	4	1	1	-
Total Supplies & Services	796	135	86	49
<u>Support Services</u>				
25 Lead Authority Charge	62	-	-	-
Total Support Services	62	-	-	-
Gross Expenditure	5,243	952	766	186
<u>Income</u>				
26 Sales and Other Income	(29)	(14)	(14)	-
27 Interest on Revenue balances	(4)	-	-	-
Total Income	(33)	(14)	(14)	-
28 Net Expenditure	5,210	938	752	186
<u>Funded from Reserves</u>				
29 NDR Reform	(163)	-	-	-
30 Electoral Reform	(13)	-	-	-
Total Funded from Reserves	(176)	-	-	-
31 Requisitions	(5,034)	(839)	(841)	2
32 (Surplus)/Deficit for Year	Page 155	99	(89)	188



REPORT TO: Grampian Valuation Joint Board on 30 June 2023

SUBJECT: Electoral Registration

BY: Principal Admin Officer

1. Reason for Report

1.1 To update the Board on current developments in electoral registration.

2. Recommendation

2.1 It is recommended that the Board consider and note the content of this report.

3. Background

3.1 Continuing support was provided to Aberdeen City Council election team in order to deliver the Dyce/Bucksburn/Danestone by-election on 23 February 2023.

3.2 We also provided assistance to the Returning Officer for The Cairngorm National Park Authority elections on 23 March 2023 and to Aberdeenshire Council staff on a further round of Community Council elections.

3.3 Work on preparing for the 2023 annual canvass is in progress.

3.4 With regard to the Elections Act 2022, we are awaiting regulations and guidance on the second tranche of measures.

3.5 Work is continuing at the Boundary Commission for Scotland and Boundaries Scotland on constituency boundary changes.

3.6 A recent round of recruiting has brought the admin team back up to full strength.

4. Electoral Registration Update

Local Government by-election – Aberdeen City 1 Dyce/Bucksburn/Danestone

- 4.1 Following the set-up of this by-election using the new Eros Elections functionality and successful delivery of the initial poll card data to the Aberdeen City Council elections team on 17 January, tasks in relation to this by-election continued through to polling day on 23 February 2023. The use of the upgraded Eros functionality was positive, with fewer steps involved and processes running more quickly. The software provider, Idox, was on hand to quickly resolve any support queries.
- 4.2 The election took place on 23 February 2023 and our office was staffed throughout the hours of the poll from 7am to 10pm.
- 4.3 No emergency proxy applications were received either before or on the day of the poll and the day passed quietly.

Cairngorm National Park Authority elections – 23 March 2023

- 4.4 We have a role in the delivery of elections to the Board of the Cairngorms National Park Authority which take place every 4 years. One community representative is elected in each of 5 wards.
- 4.5 The Park area extends across Highland, Moray, Aberdeenshire, Perth & Kinross and Angus council areas, with Ward 4 lying partly in both Moray and Aberdeenshire Council areas while Ward 5 lies mainly in Aberdeenshire with small parts also in Perth & Kinross and Angus.
- 4.6 Our role is to provide data at various stages of the election cycle to the Returning Officer and this task was coordinated by staff at Highland and Western Isles VJB.
- 4.7 The process was tested in November 2022 and data was then provided in January 2023 to enable the issue of an information pack to households within the park and again in February 2023 to facilitate the issue of the ballot packs for what was an all-postal poll.

Aberdeenshire Council Community Council elections

- 4.8 Aberdeenshire Council held nomination processes for over 40 of their community council areas in April and May. This task is dealt with by each of the 6 area offices across the council area and we provided electoral data in support of the nomination process to the appropriate area officer on request.
- 4.9 Polls are held where the number of valid nominations exceeds the number of vacant seats, and to date we have not received any requests for additional data in support of polls, which were due to take place throughout May and June.
- 4.10 The recent software upgrade included significant improvements to the extract process for both National Park and Community Council data. While this could previously be done only on a whole of Grampian basis, which was very time consuming, it can now be extracted down to individual community council or national park ward level.

- 4.11 A further boundary change has been approved by Aberdeenshire Council in relation to Banchory Community Council which affects several neighbouring community council areas and this will require updating of the affected property records in the register database.

2023 Annual Canvass

- 4.12 Planning and preparation for this year's canvass is in progress with the overall timetable for issue of canvass communications being very similar to previous years.
- 4.13 The upload of our database for the compulsory national data match will take place on 4 July with results expected within a few days. We will then carry out local data matching with the aim of reducing the number of properties which require follow up action.
- 4.14 E-communications will be issued to matched properties which meet the criteria in mid-July and where a response is received confirming that there are no changes in the household this will remove the requirement to issue a paper communication.
- 4.15 Initial letters to unmatched properties will then be issued in the first week of August, with letters to matched properties following in the second and third weeks of August.
- 4.16 Follow up action with further letters issued by post and personal contact by door-to-door canvassers, and telephone canvass where the canvass rules permit, will then take place from early September until it is concluded on or before 30 November.
- 4.17 We had considerable success in 2022 with building the size of the canvass team and recent contacts with canvassers suggest that most will return again this year. Nonetheless we are still seeking to recruit further team members and are currently following up a number of new leads, while flyers will be distributed over council intranet sites and through community council contacts. In addition, we distributed flyers at a jobs fair run by Aberdeen City Council at the Beach Ballroom on Tuesday 20 June.
- 4.18 Tablet canvassing was used for the first time during the 2022 canvass, mainly by our permanent canvassers and greatly assisted with the task, particularly in rural areas. This will be expanded during the 2023 campaign.

Legislative Changes

- 4.19 In relation to the implementation of the second tranche of measures arising from the Elections Act 2022 including changes to absent voting, online postal vote applications and overseas electors' provisions, statutory instruments are due in October, as is the launch of the online postal vote application portal. Due to divergence in the rules across different election levels, a Divergence Task Group has been established within The Department of Levelling Up, Housing and Communities (DLUHC). The group is focussing initially on online applications and changes to absent voting which are the biggest issues, with other issues being addressed in due course.

4.20 Key milestones most relevant to Electoral Registration Officers in relation to the Act are:

Implementation date	Provision
4 May 2023	Voter identification provisions in force at relevant elections – in Scotland these are UK Parliamentary by-elections and recall petitions
5 October 2023	Voter identification provisions in force at UK Parliamentary General Elections held on or after this date
October 2023	Online absent vote statutory instruments made and take effect
	Go live for online absent vote application service
	Postal voting rule changes statutory instruments made and changes take effect
	Proxy voting rule changes statutory instruments made and changes take effect
January 2024	Overseas electors changes statutory instruments made and changes take effect

4.21 Numbers of applications for Voter Authority Certificates in Grampian remain low and this is also the case across all VJB and single authority council ERO services in Scotland.

4.22 The Electoral Commission (EC) has created an Electoral registration communications and outreach network on which we will be represented, with the first meeting taking place on 26 June.

4.23 The group will meet quarterly to share ideas for engaging with voters, including on registration and voter ID, and ensure that the resources provided by the EC to support our work are as useful as possible. At the first meeting we will be briefed on the initial analysis of voter ID at the English local elections, and the proposed approach to public awareness at UK Parliament recall petitions and by-elections.

4.24 The Scottish Government consultation on Electoral Reform closed on 18 March 2023 with 525 responses submitted. The Scottish Assessors' Association Electoral Registration Committee (SAAERC) responded to the consultation and a report of the analysis and responses will be published in the summer.

Boundary Changes

4.25 The Boundary Commission for Scotland is due to submit proposals for the changes to the UK Parliamentary Constituency boundaries to the House of Commons speaker by 1 July 2023.

4.26 A small team from Grampian VJB has been working with the Aberdeen City Council election team to provide advice and assistance on the impact of the proposed constituency boundary changes on polling districts and polling places within their area. Similar engagement may be needed with the other two employing authority election teams in due course.

- 4.27 Boundaries Scotland are approaching the end of the first one-month consultation in response to proposed changes to Scottish Parliamentary constituency boundaries. All responses will be considered at the end of this one-month consultation period at which point they will consider whether local or regional enquiries will be required.

Admin Team Recruitment

- 4.28 A successful recruitment campaign took place in March and April to fill vacant Clerical Officer posts and the Electoral Registration Assistant post within the Banff office. Clerical Officers were appointed to work within the Banff and Woodhill House locations and the admin team is now fully resourced. Training of the new staff across all areas of our services is in progress.

5. Conclusion

- 5.1 Although there were no area wide elections scheduled this year, a range of more limited area elections has taken place and required our support to ensure their delivery. The unscheduled by-election enabled us to try out the new Eros Elections functionality and we were one of the first customers in Scotland to use the new software for an election.**
- 5.2 Delivering the annual canvass by carrying out all of the necessary steps as provided for in legislation as well as continuing to develop our strategies to engage with hard-to-reach groups to increase registration levels are our immediate priorities.**
- 5.3 In tandem with our business-as-usual functions we must keep abreast of all of the pending legislative changes, making use of the guidance which will come from the Electoral Commission in order to ensure that we can implement all of the changes efficiently and effectively.**

Author of Report: Linda H Smith, Principal Administrative Officer



REPORT TO: Grampian Valuation Joint Board on 30 June 2023

SUBJECT: Governance

BY: Depute Assessor and ERO (Aberdeen and Moray)

1. Reason for Report

1.1 To advise the Board of equalities mainstreaming activities.

2. Recommendation

2.1 **The Board note the content of this report**

3. Equalities mainstreaming

3.1 The General Equality Duty that is set out in the Equality Act 2010 requires public authorities to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between those who share protected characteristics and those that do not.

3.2 The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 required public authorities such as the Board to publish mainstreaming reports and set equality outcomes that would be reviewed every second year with refreshed outcomes identified every fourth year, commencing in 2013. A report reviewing existing outcomes was therefore due in 2023.

3.3 The 2021 Equalities Mainstreaming report identified a further 2 equalities outcomes for the organisation in addition to the first 5 listed below –

1. Maximise the opportunities for young citizens to register to vote and therefore enable them to participate in the democratic process.
2. Maximise registration amongst high mobility citizens such as occupiers of houses in multiple occupation and tenanted dwellings.
3. To maximise opportunities for young people to enter the workforce.
4. Our services meet the needs of all service users in our community.
5. The Board is seen as an equal opportunities employer where diversity is welcomed and all staff feel valued and respected.
6. To increase the representation of men or women in roles where gender segregation is evident.
7. To engage with partner bodies representing minority groups in order to overcome potential barriers to service access.

The Equalities Mainstreaming and Outcomes 2023 Report was published on the Board's website in April 2023 and is attached as Appendix 1. It sets out the progress that has been made towards achieving these equality outcomes, provides an assessment of the gender pay gap, an equal pay statement and a procurement statement.

4. Conclusion

- 4.1 The organisation has continued to integrate equalities as part of its business as usual operations. Whilst some progress has been made towards securing the specific outcomes identified, operational constraints and demands, particularly due to the pandemic, have impacted on what has been possible. The report in Appendix 1 identifies the priorities for the Management Team and their progress in meeting these priorities will continue to be monitored and reported on. The further reduction in the Gender Pay Gap is welcome and the Equal Pay Statement provides useful context information.**

Author of Report: Gavin M Oag Depute Assessor & ERO

Grampian Assessor & Electoral Registration Officer



Equalities Mainstreaming and Outcomes 2023 Report

On behalf of the Grampian Valuation Joint Board

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April 2023 Version 1

1. Introduction

The Grampian Valuation Joint Board (the Board) and the Assessor for the Grampian Valuation Joint Board (the Assessor) are fully committed to embracing and implementing the principle and ethos of the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012.

By fully adopting the principles and ethos of the Equality Act 2010, the Board will provide to all electors, rate payers, council tax payers and to its own staff a service provision, culture and working environment which is free from unlawful discrimination, harassment and victimisation and where all members of our community have equal opportunities and treat each other with dignity and respect.

2. Grampian Assessor & Electoral Registration Officer

The Grampian Assessor and Electoral Registration Officer (ERO) is an independent statutory official appointed and funded by the Grampian Valuation Joint Board to value non-domestic properties for rating purposes, allocate dwellings to council tax valuation bands and provide an electoral registration service for the Aberdeen, Aberdeenshire and Moray council areas. These councils lie in the North East of Scotland and their collective area is known as Grampian. The local councils collect non-domestic rates and council tax and their Returning Officers are usually responsible for conducting any elections. The Assessor & ERO has a workforce of approximately 80 staff distributed between offices in Aberdeen, Banff & Elgin.

3. The Grampian Valuation Joint Board

The Grampian Valuation Joint Board is the statutory valuation authority established by the Valuation Joint Boards (Scotland) Order 1995. The Board comprises 15 members; Aberdeen City Council appoints six Members, Aberdeenshire Council appoints six Members and The Moray Council appoints three Members. The three councils fund the Board on a pro-rata basis.

The role of the valuation authority is to appoint the Assessor and deposes as necessary for the purposes of the Valuation Acts. The Assessor and any deposes must be chartered surveyors and the Valuation Acts place the duty to assess properties on the Assessor rather than the Board thus ensuring that the assessments are arrived at in an independent manner. Through local arrangements, the Board appointed the Assessor as Electoral Registration Officer to the three councils.

Given the respective roles of the Board and the Assessor & ERO, the Assessor & ERO reports on behalf of the Board.

4. The Legal Context

The Equality Act 2010 and the General Equality Duty

The General Equality Duty replaces the previous race, disability and gender equality duties, which aimed to mainstream equality into public sector culture. These principles continue to apply to the public sector under the Equality Act 2010. This Act increased the number of equality groups from three to eight. These groups are called protected characteristics in the Equality Act:

- Age
- Disability
- Gender
- Gender Reassignment
- Pregnancy and Maternity
- Race
- Religion or Belief
- Sexual Orientation

The General Equality Duty also covers Marriage and Civil Partnerships, with regard to eliminating unlawful discrimination in employment.

The General Equality Duty as set out in the Equality Act 2010 requires public authorities to:

- Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct
- Advance equality of opportunity between people who share a relevant protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not

The Act makes clear that having due regard to advancing equality involves:

- removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;

- taking steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- encouraging persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The Specific Equality Duties

The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 place particular legal requirements on specified public authorities to assist them meet the requirements of the General Equality Duty. Valuation Joint Boards are specified in the regulations. The legal duties for the Grampian Valuation Joint Board are to:

- Report on mainstreaming equality
- Publish equality outcomes and report on progress
- Assess and review policies and practices
- Gather and use employee information
- Publish gender pay gap information
- Publish statements on equal pay, including occupational segregation information
- Consider award criteria and conditions in relation to public procurement
- Publish in a manner that is accessible to the public

The Specific Duties required public authorities in Scotland to publish a Mainstreaming Report and a set of Equality Outcomes by 30 April 2013. There is an ongoing duty to provide two yearly update reports and to refresh equality outcomes every four years. Accordingly, we published the

first mainstreaming report in 2013 and that was followed by an update in 2015. In 2017 we introduced additional outcomes and provided an update on them in 2019. In our 2021 report we identified further outcomes. Our 2023 report is the sixth report since the 2012 Regulations came into force and provides an update on our progress.

A number of listed public authorities are required to publish the gender composition of their board members and to report on current and planned work towards board diversity. The Grampian Valuation Joint Board is not a listed authority under the Equality Act 2010 (Specific Duties) (Scotland) Amendment Regulations 2016.

5. The operational context

Neither the Board nor the Assessor & ERO operate in a vacuum albeit that the remit has a very narrow and statutory foundation. It is important to recognise that the functions are restricted but also that the impact of the functions is fundamental – providing access to the democratic process and an independent assessment service for local taxation.

Partnership working is however a key aspect of the service, with partnerships between the Scottish Assessors Association (SAA) and the 13 other individual and independent lands valuation assessors, the SAA Electoral Registration Committee and the 14 other electoral registration officers in Scotland, the Electoral Commission, the Electoral Management Board for Scotland, the Association of Electoral Administrators, the Royal Institution of Chartered Surveyors and the Institute of Revenues Rating and Valuation. Through these partnerships, the service is able to benefit from the synergies of joint working. The benefits of sharing resources, research and expertise enables the Assessor & ERO to deliver cost effective but specialist and comprehensive outcomes to the local area.

Operational partnerships with the three local councils responsible for the levy and collection of non-domestic rates and council tax, along with their electoral services offices that support the returning officers appointed for particular elections also prevail. Joint working at this local level ensures that the equalities themes flow across services and measures to advance the interests of those with protected characteristics are implemented in a coordinated manner.

Through their local and national joint working arrangements it is considered that Assessors & EROs provide one of the best examples of joint working within the Scottish public sector, where the focus is on service delivery without disproportionate overheads of a structural or organisational nature.

Local and national partners also have an important role in providing feedback as to performance.

The service's strategic position is as follows:

- Electoral Registration has been subject to a fundamental shift from household registration to individual registration brought about by the Electoral Registration and Administration Act 2013. The regime has been subject to a series of initiatives that have made a substantial impact on the service and citizens. There are some 450,000 electors currently registered to vote in Grampian, which amounts to approximately 10% of the Scottish electorate and 1% of the UK electorate. As a result of the predominance of the oil and gas sector in Grampian, until recently, the area has enjoyed high levels of employment and migration from other parts of the UK and overseas. The downturn in that industry since 2015 has however resulted in a

slowdown in that industry's employment-related migration to Grampian however the extension of the franchise from 3 August 2020 to include all foreign nationals and short sentence prisoners resident in Scotland along with a streamlining of age-related registration requirements for young voters have increased alignment and integration between equalities priorities and electoral registration service priorities.

- Non-domestic Rating – Throughout the last 24 months the priority has been the 2023 Revaluation based on a new one-year tone date together with the disposal of outstanding appeals from the previous revaluation. The 2023 Revaluation involved the assessment of rateable values for some 30,500 non-domestic properties across Grampian, with a total value close to £1billion. The revaluation came into effect from 1 April 2023. The service received an unprecedented number (17,000) of material change of circumstances (MCC) appeals arising from the Covid-19 pandemic. However, such appeals were eventually invalidated by the Scottish Government through the passing of legislation.
- The Council Tax regime continues to be a stable function, with a valuation list of some 300,000 dwellings allocated to council tax bands and 2,000 to 3,000 new dwellings being added each year. A recent priority was the clearing of a backlog of enquiries, proposals and appeals that had built up as a result of the Covid pandemic. Whilst reform of the council tax is a regular topic for government and Parliament, more immediate national priorities and the challenge of determining the precise shape of any reform has resulted in the retention of a system of taxation based on values from 30 years ago.

A revaluation could address this issue but successive governments have declined to implement such an exercise.

Appendix 1 to this report provides the characteristics of the employees as at 31 March 2023. The Assessor & ERO service establishment comprises 84 full time posts. As at 31 March 2023 there were 69 full and part-time employees that represented 65 full time equivalents. Staff turnover has again been relatively high over the last two years with 9 out of the 20 leavers during the period retiring and 9 gaining other employment. Along with other organisations employing chartered surveyors, the Grampian Assessor is facing a significant recruitment challenge in filling professional positions.

6. Mainstreaming

Mainstreaming simply means integrating equality into the day-to-day operations of the service – considering equality in everything that is done as an employer and when planning and providing services. Senior managers must provide clear and consistent messages with the equality duties embedded within all strategy. Co-workers should be able to recognise the relevance of the equality duties to their own role and should consider it in carrying out their work. Equality therefore becomes fully integrated within structures, behaviours and culture rather than an adjunct to these aspects of the service.

Evidence is an important aspect of mainstreaming and includes monitoring service users and service activity as regards all of the protected characteristics and then analysing outcomes. Monitoring and reporting on workforce composition, recruitment, development and retention of its employees with respect to protected characteristics also assists the mainstreaming process. See appendix 1.

6.1 Progress in mainstreaming in the workplace

Workforce monitoring demonstrates that there have been some changes in the overall balance of the workforce since 31 March 2021 – see comments under Equal Pay Statement below.

The Board is committed to ensuring that recruitment and selection incorporates the principles of equality and fair treatment of all job applicants and that the workforce reflects as far as possible minority groups within the local community where this contributes to facilitating the delivery of continually improving, efficient and effective services.

During the last two years the service has continued to accommodate requests to move to part-time working or to change the pattern of part-time working in order to allow the workforce to meet their out-of-employment social and family responsibilities. During the last 24 months the majority of work has been carried out with employees based at home and any working in operational offices has been subject to careful consideration of health and personal circumstances of employees. Following the lifting of the restrictions our employees continue to enjoy the benefits of hybrid working.

6.2 Progress in mainstreaming in our services

Equalities is now a standing agenda item for Management Team meetings to help ensure that our duty to advance equality is meaningful and ongoing.

The Assessor and ERO service has had another extremely busy two-year period. The original statutory appeal disposal programme anticipated all Revaluation 2017 appeals being disposed of by the independent valuation appeal committees by 31 December 2020. In autumn 2020 the Scottish government extended this deadline by 12 months to 31 December 2021 and that was followed by a further extension to 31 December 2022 as a response to the pandemic. Despite the reduction in valuation appeal hearings actually taking place during the pandemic, appeal disposal has continued throughout the last 24 months. At the same time we faced the challenge of delivering the 2023 non-domestic revaluation, the first revaluation to be based on a one year antecedent valuation date, in which some 30,500 properties required to be revalued for a draft Roll published in November 2022 and a final roll published in March 2023. It is also the first revaluation for which Assessors have faced the significant challenge of providing ratepayers with online lists of the rented properties that

informed their valuations. In addition the service has provided full registration and support services for the Scottish Parliamentary Election in May 2021 and the Scottish Council Elections in May 2022.

The actual progressing of mainstreaming initiatives has been challenging against the background of the extremely demanding operational programme described above along with the necessity to continue to provide full operational and statutory services whilst offices remained closed for the first part of the period in line with government restrictions. Some progress has however been achieved regarding mainstreaming and the identified equality outcomes (see Section 7 below for detail.)

7. Equality Outcomes

Equality Outcome 1

Maximise the opportunities for young citizens to register to vote and therefore enable them to participate in the democratic process

The registration of young voters (under 18) for the referendum will mirror the demographic profile of Grampian. Registration statistics will demonstrate progress against census outputs and other sources of young person data. In turn, the early engagement with young citizens should prove beneficial in assisting to establish a culture of engagement in mid-late teens that may be maintained into adulthood.

Activities

- Consult with partner authorities and education providers
- Canvass and publicity plan

- Integration of the equalities element with the Electoral Commission performance standards regime
- Engagement with individual equalities groups to ensure removal of barriers to registration

Measurement

- Registration rates compared to census outputs
- Number of registration corrections and complaints

Progress to April 2021

Registration and voter engagement activities in connection with this outcome commenced in advance of the 2014 Independence Referendum and further activity took place in advance of the 2016 Scottish Parliamentary and 2017 local government elections. These activities included providing presentations to Modern Studies teacher groups and school librarians, holding registration campaigns, running a promotional banner and leaflet design competition for school students and collaboration with local authorities including participation in mock elections in schools and manning stalls at engagement events.

Specific work was conducted in partnership with the three local authorities to ensure that children in care, known as looked after children, had the opportunity to register to vote and were given the necessary guidance and assistance. The service also facilitated young voters with anonymous registration where personal safety, or that of another member of the household, was an issue.

There were 12,519 under 18 year olds registered to vote at the date relevant date for the May 2017 Local Government Election. The number

registered at 31 March 2019 fell to 11,319 and this is no doubt due to the lack of electoral events over the intervening two year period.

Although there was a marginal decrease in numbers since the 2017 Local Government Election we continued to work with the local education authorities with particular emphasis on the preparations for the Scottish Parliamentary election that took place on 6 May 2021. Our work included the provision of an animation for use on social media that was specifically designed to engage with young voters.

Our work with universities focussed on the unanticipated election to the European parliament in May 2019 and the snap election to the UK Parliament in December 2019, as both elections essentially took place whilst students were resident at their term-time residences. Since the onset of the pandemic, students have been largely resident at their home addresses and our registration engagement activities such as the annual canvass focussed on that and on promoting absent voting for all those who could not, or would prefer not to attend a polling station due to the pandemic during the Autumn 2020 by-elections and ahead of the 2021 Scottish Parliament Election.

Progress since April 2021

We have continued to pursue and monitor this outcome. However, we are unable to make comparison to the statistics from previous years because of:

1. A change to the definition of a local government attainer from the previous definition which referenced attaining the age of 16 before the end of the period of 12 months beginning with 1 December next

following the relevant date (and which was not well understood), to include any person who is 14 years of age or over.

2. The extension of the local government franchise to all foreign nationals from 3 August 2020 which naturally feeds into any observed increase in under 18 voters from 2020 onwards.

Nevertheless we have shown improvement over the two year period, with the numbers of 16 and 17 year old local government electors increasing from 9,317 at 1 December 2021 to 9,946 at 1 December 2022 and the total number of under 18 registrations increasing from 14,111 to 14,785 in the same time frame as a result of the ingathering of data from schools and the consequent issue of invitations to register.

Equality Outcome 2

Maximise registration amongst high mobility citizens such as occupiers of houses in multiple occupation and tenanted dwellings.

Research has shown that high mobility citizens and citizens in tenanted dwellings are under-represented in terms of electoral registration. Ethnicity and nationality may be influencing this under-registration.

Activities

- Consult with partner authorities and housing providers
- Canvass and publicity plan
- Integration of the equalities element with the Electoral Commission performance standards regime
- Engagement with individual equalities groups to ensure removal of barriers to registration

- Focus on improved materials using straightforward language tested by relevant groups in partnership with other EROs and the Electoral Commission.

Measurement

- Registration rates compared to census outputs
- Number of registration corrections and complaints

Progress to April 2021

Since April 2017 the service has continued to focus on students and the tenanted housing sector to deliver this outcome. However, the allocation of resources to a critical requirement to procure a new Electoral Management System to replace an existing in-house system that would be problematic to support in the future meant that the level of activity on this outcome was not as originally planned.

Nevertheless the service continued to work with student associations and tertiary education providers in order to promote registration.

With regard to the tenanted housing sector work was done on a Cabinet Office funded pilot exercise to research the potential benefits of using private sector tenancy deposit scheme data. This research sought to use of data from external agencies to establish whether we could improve canvass outcomes and subsequent registration levels. Our engagement with tenancy deposit scheme operators led to the possibility of a national initiative in promoting registration to new tenants, but unfortunately Cabinet Office resources were directed elsewhere and this aspiration remains unfulfilled at national level.

Progress since April 2021

The online functionality of individual electoral registration provides an ideal opportunity to integrate registration with online student enrolment or information systems and a national initiative through the SAA Electoral Registration Committee to encourage tertiary education providers to link registration with student enrolment and information systems.

The operational use of additional data sources was progressed by the installation of data mining functionality within our recently acquired electoral management system. Full implementation of this aspect of our work was interrupted by the necessity to re-focus resources on operational priorities following the onset of the pandemic.

Following the extension of the franchise in August 2020 we have worked with the Scottish Refugee Council in partnership with Aberdeenshire Council and supported by the Electoral Commission to promote engagement amongst the newly enfranchised citizens resident in NE Scotland. This has included the provision of translated materials and participation in online presentations and Q&A sessions.

Equalities Outcome 3

To maximise opportunities for young people to enter the workforce

Youth employment is a key national priority, with the low percentage of employees recruited directly from school identified as a key issue. Whilst the service relies on a significant number of individuals who are required to have tertiary education and be working towards professional qualifications, analysis confirms that Under 25 year olds are under-represented in the service's workforce. Notwithstanding that recruitment

is fairly minimal the opportunity nevertheless exists to enhance opportunities for young citizens.

Activities

- Promote work experience opportunities for Under 25 year olds
- Review recruitment advertising media
- Promote career progression schemes to encourage young people to make the service an employer of choice.

Measurement

- Annual workforce monitoring
- Annual work-experience monitoring

Progress to April 2021

The Barclay Review of Non-Domestic Rates led to Scottish Government funding that provided the opportunity to recruit and train four part-time Graduate Trainee Valuers from July 2019 leading to four full time posts from 1 April 2020. Unfortunately we had limited success in our recruitment drive with only 2 of the 4 posts filled and both students left the organisation due to unforeseen circumstances within 12 months.

Recruitment advertising was reviewed and all employment opportunities are advertised online.

Progress since April 2021

We have continued to pursue and monitor this outcome.

Recruitment activity was delayed by the pandemic, but the four full-time posts funded by the Scottish Government were filled at Graduate Trainee Valuer level in September 2021. Around the same time, we were successful in filling three Technical Assistant vacancies, two of them by young people. We have also had some success in recruiting young people onto our administration team.

The organisation continues to face a recruitment challenge in respect of professional positions and it is anticipated that this is likely to provide an opportunity to bring more young people into the workforce.

The school pupil work experience programme has been interrupted through the changes in pupil curriculum and the pandemic that have meant that we have had no under 25s on work experience during the last 24 months.

Our objective is to re-start this programme in close cooperation with the education authorities.

Equalities Outcome 4

Our services meet the needs of all service users in our community.

Activities

- Monitor customer satisfaction across all service areas by the protected characteristics.

Measurement

- Detailed analysis of customer satisfaction surveys.

Equalities Outcome 5

The Board is seen as an equal opportunities employer where diversity is welcomed and all staff feel valued and respected.

Activities

- Issue and monitor regular staff questionnaires by the protected characteristics

Measurement

- Detailed analysis of staff questionnaires.

Progress since April 2021

The very challenging operational context described in Section 5 above together with the effects of the pandemic and high vacancy levels, particularly at professional levels, has led to our aspirations in respect of these two outcomes being unfulfilled prior to April 2023. The design and issue of questionnaires that will enable these outcomes to be achieved will be a key focus going forward.

8. New Equality Outcomes from 2021

Equalities outcome 6

To increase the representation of men or women in roles where gender segregation is evident

In common with many public sector employers, men and women are segregated into a range of roles within the organisation. The Equal Opportunities Committee of the Scottish Government has identified occupational segregation as a key equality issue nationally

Activities

- Work with our partners such as the Royal Institution of Chartered Surveyors (RICS) and constituent councils to gain information on best practice to address and reduce gender segregation and to remove stereotypical views of occupations by gender.
- Develop a range of positive action measures to encourage males and females into non-traditional roles and work to identify any ways in which we can attract applications from the underrepresented gender and dispel any stereotypical views of particular roles.
- Analyse the percentages of males and females applying for and being successful for roles where occupational segregation is prevalent

Measurement

Monitor occupation segregation over time. An increase in applications from under-represented candidates and a corresponding increase in under-represented candidates being successful at interview would help reduce occupation segregation.

Progress to April 2023

The surveying profession has traditionally been male dominated. The latest figures available from the RICS indicate that only 18% of surveyors are female. Against that background the organisation has been successful

in recruiting women into surveying roles with 37.5% of both valuation and technical positions being held by females. Significantly, at Graduate Trainee Valuer level, 2 of 5 occupied posts are held by women and in a round of internal recruitment for vacant posts held in late 2021 all three Principal Valuer posts that were advertised were taken up by women.

Equalities Outcome 7

To engage with partner bodies representing minority groups in order to overcome potential barriers to service access.

Whilst informal arrangements have been forged over time with external partners such as the Scottish Refugee Council, this outcome will drive progress towards embedding improved service delivery to minority groups in the Grampian area.

Activities

- Work with external partners to understand and overcome barriers to service delivery and access
- Develop a communication strategy and network that enables service-related messaging to be distributed across and accessible to minority groups

Measurement

Customer feedback and focussed consultation with external partners will inform progress.

Progress to April 2023

Again, the very challenging operational context described in Section 5 above together with the effects of the pandemic and high vacancy levels has led to our aspirations in respect of this outcome being unfulfilled prior to April 2023

9. Policies and Practices

Policy and practice reviews are carried out within the terms of section 149(1) of the Equality Act 2010.

The Board utilises the Human Resources expertise of the Moray Council, one of its three constituent authorities, and the majority of policies are reviewed by them on a regular programme in line with the terms of the Equality Act and the Council's own policies.

Other policies and practices are reviewed on a regular basis through meetings of the Assessor's Management Team, Administration Group and Technical Group.

10. Gender Pay Gap

The Grampian Valuation Joint Board has a duty to publish information on the percentage difference among its employees between men's average hourly pay (excluding overtime) and women's average hourly pay (excluding overtime).

The following information is based on the employees who were in post on 31 March 2023.

GVJB has 31 male employees with an average hourly rate of pay of £23.84 and 38 female employees with an average hourly pay of £16.49.

The mean (average) gender pay gap is therefore:

$$(23.84 - 16.49) / 23.84 \times 100 = 30.83\%$$

The median gender pay gap is obtained by arranging the hourly rates in descending order for both male and female employees and selecting the mid-point of each range.

The median gender pay gap calculation is:

$$(19.47 - 16.45) / 19.47 \times 100 = 15.51\%$$

Full time gender pay gap (29 female and 29 male employees): 31.90%

Part time gender pay gap (9 female and 2 male employees): 14.53%

Full time men/part time women pay gap (9 female and 29 male employees): 31.07%

The gender pay gap analysis has shown significant change from the previous analysis that was carried out as at 31 March 2021, with every figure other than that for part-time workers showing a reduction. Further detail of this challenge is provided in section 11.

11. Equal Pay Statement

The Grampian Valuation Joint Board is committed to the principle of equal opportunities for all, in every aspect of employment. This means all employees should receive equal pay for doing the same or broadly similar work within the organisation.

As at 31 March 2023, the Board had 69 employees. 40 of these are employed in professional and technical posts and are predominantly male (67.5%). 29 employees are in clerical and administration posts and are predominantly female (86.21% as in 2021). 75.00% of the administration and clerical posts are in Grades 1 & 2 whereas all of the professional and technical posts are on Grade 3 and above.

The difference in male and female pay is largely due to the degree of occupational segregation that exists in the organisation. The gender pay gap is higher than the national average. This is due in part to the operational demand to employ Chartered Surveyors within the organisation. The surveying profession has traditionally been male dominated. Currently, although the figure continues to increase, nationally only 18% of the surveying profession are female. In our organisation 6 of our 16 valuation surveyors are female (37.5%).

In relation to Technical posts, there are 6 female employees holding technical surveying posts that amount to 37.5% of the 16 posts.

With 37.5% of the organisation's valuation surveyors being female and also 37.5% of our technical posts being held by females, the organisation is showing significant progress in challenging this element of occupational segregation, particularly when viewed in the context of a ratio of 18:82 female to male in the surveying profession as a whole.

12. Procurement

Regulation 9 of the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 imposes a duty on public bodies when considering award criteria and conditions in relation to public procurement, to have due regard to whether the award criteria should include considerations which will help it meet its Equality Duty. Any such award criteria should be related to and proportionate to the subject matter of the proposed agreement.

Currently the Board enters into very few procurement contracts directly. Contracts of any substance are normally procured on behalf of the Board by the Moray Council and are subject to their procurement procedures and in accordance with current procurement legislation. Any contracts that the Board does enter into directly are generally small in terms of the service procured and the monetary value of that service. Notwithstanding, the Board will have due regard to whether the award criteria should include considerations to enable us to better perform the Equality duty.

13. Conclusion

The Board will continue to support the Assessor & ERO in mainstreaming equalities throughout the service and monitor progress in relation to the protected characteristics and the specific equality outcomes identified above.

The Board will publish a fresh mainstreaming report and formally report on the progress made to achieve the equality outcomes by 30 April 2025.

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**Appendix 1:
Workforce Monitoring Statistics 1 April 2021 to 31 March 2023**

	Workforce profile		Promotions		Leavers	
Total	69	100%	8	100%	20	100%
Gender						
Male	31	45%	4	50%	10	50%
Female	38	55%	4	50%	10	50%
Prefer not to Say		0%		0%		0%
Married/Civil Partnership						
Yes	22	0%		0%		0%
No	8	0%		0%		0%
Prefer not to Say	1	0%		0%		0%
DNA	38	0%	8	100%	20	100%
Sexual Orientation						
Bisexual		0%		0%		0%
Heterosexual	24	28%		0%		0%
Gay Woman/Lesbian		0%		0%		0%
Gay man		0%		0%		0%
Prefer not to say	1	1%		0%		0%
DNA	44	71%	8	100%	20	100%
Age						
20-29	7	6%		0%		0%
30-39	14	15%	4	50%	3	15%
40-49	9	22%	4	50%	6	30%
50-59	35	41%		0%	2	10%
60+	5	16%		0%	9	45%
Prefer not to say		0%		0%		0%
DNA		0%		0%		0%
Disability						
Yes		0%		0%		0%
No		0%		0%		0%
Prefer not to say		0%		0%		0%
DNA	69	100%	8	100%	20	100%
Religion						
Ch. of Scotland	4	6%		0%		0%
Roman Catholic	1	1%		0%		0%
Protestant		0%		0%		0%
Christian	10	15%		0%		0%
Hindu		0%		0%		0%
No Religion	10	15%		0%		0%
Other	1	1%		0%		0%
Prefer not to say		0%		0%		0%
DNA	43	62%	8	100%	20	100%

Ethnicity						
White						
Scottish	24	35%		0%		0%
English		0%		0%		0%
British	1	1%		0%		0%
Welsh		0%		0%		0%
Irish		0%		0%		0%
Northern Irish		0%		0%		0%
Polish		0%		0%		0%
Scottish/ Polish		0%		0%		0%
Other		0%		0%		0%
Mixed						
		0%		0%		0%
Asian						
Indian		0%		0%		0%
Pakistani		0%		0%		0%
Bangladesh		0%		0%		0%
Chinese	1	1%		0%		0%
Other		0%		0%		0%
Black						
Caribbean		0%		0%		0%
African	1	1%		0%		0%
Other		0%		0%		0%
Other ethnic group						
Prefer not to Say	1	1%		0%		0%
DNA	41	61%	8	100%	20	100%



REPORT TO: Grampian Valuation Joint Board on 30 June 2023

SUBJECT: Risk Management

BY: Depute Assessor & ERO (Aberdeen & Moray)

1. Reason for Report

1.1 To report to the Board on risk management.

2. Recommendation

2.1 **The Board note the risk register and the plans for future reviews.**

3. Background

3.1 The Board's Code of Corporate Governance requires the identification and prioritisation of risks to the organisation's aims and objectives; the evaluation of the risks being realised and the resultant impact and finally the management of risks.

3.2 The Risk Register is subject to ongoing review with reports submitted to the Board on an annual basis.

3.3 Apart from ongoing reviews by individual risk owners, the Management Team has an overall role in reviewing the register.

4. Current Position

4.1 The strategic risk register that is provided as an appendix was formally reviewed by the Management Team on 30 May 2023 and reflects the position as at that date. No new risks were identified at this meeting.

4.2 A summary of the risk status is provided in the table below.

Risk Rating	2017	2018	2019	2020	2021	2022	2023
High	3	4	3	4	2	2	2
Moderate	3	3	3	3	2	1	0
Low	4	4	5	5	7	7	8
Tolerable	12	12	12	12	13	14	14
Obsolete	9	9	9	9	9	9	9
Total number of live risks	22	23	23	24	24	24	24

4.3 “High” level risks

- 4.3.1 The number of “High” level risks has remained the same since the last report to the Board.
- 4.3.2 Risk 1g (Environmental controls for IT Server accommodation inadequate) was reported to the Board previously and mitigation in terms of monitoring has continued. Changes in working practices and the migration of IT services which have been carried out so far with Aberdeenshire Council has reduced the load on this equipment and the heat generated by it. The requirement for this equipment is expected to disappear following the completion of the migration of IT services to Aberdeenshire Council infrastructure but the current risk status remains “High”, particularly due to Banff being the Board’s disaster recovery site.
- 4.3.3 Risk 6a (Inadequate numbers of trained/skilled staff to fulfil statutory functions) remains at “High”, reflecting the continuing difficulties the organisation has faced in the recruitment of surveying personnel. However, a further round of advertising for qualified surveyors had a closing date of 26 June and it is also envisaged that existing members of the technical staff will transition to valuer roles under the graduate apprenticeship program with Napier University.

4.4 “Moderate” level risks

- 4.4.1 In the last report to the Board, Risk 5i was the only risk identified as having a “Moderate” overall rating. Following a review, this risk has now been reduced to “Low” (see below). Accordingly, there are now no risks with a “Moderate” rating.

4.5 “Low” level risks

- 4.5.1 One risk has been reduced to the “Low” level.
- 4.5.2 Although Risk 5i (Introduction of Registration policy changes) is still a live issue with The Elections Act 2022 introducing a number of challenges for the organisation, the changes the Act brings in are now known and plans and processes are now in place to handle them. Close working with partner organisations including the Electoral Registration Committee of the Scottish Assessors Association, the Department of Levelling Up, Housing and Communities, Returning Officers and Idox (the provider of the Electoral Management System) is still required, along with careful and targeted messaging to electors.

5. Conclusion

- 5.1 **The identification, evaluation and control of risk are continuous processes and remain live issues for the Management Team and the organisation as a whole. The risk rating profile over time reflects the challenges that face many public sector organisations along with the responses of the organisation to those challenges. The risk register provides a useful quantitative assessment that allows stakeholders to evaluate the capacity of the organisation to maintain operational effectiveness.**

- 5.2 The risk owners and members of the Management Team actively review the risks and controls and also seek to identify and assess additional risks that may impact the organisation.**
- 5.3 The risk register will be formally reviewed by the Management Team at their next meeting.**

Author of Report: Gavin Oag, Depute Assessor & ERO

Risk Description	Worst Case Outcome Scenario	Likelihood of actual occurrence (score 1 - 5)	Impact if exposure occurs (score 1- 5)	Gross Score (L x I)	Initial Risk Rating	Current Controls	Quality & Effectiveness of Controls	Net Score	Revised Risk Rating	Risk Owner	Action Proposed	Review Date	Review Cycle
							Good x 0.5 OK x 0.8 Poor x 1.5						
Current Risks													
1. SAFEGUARDING PEOPLE & PROPERTY													
1a Workforce Health & Safety exposure in a varied, sometimes hazardous environment; lone working, seasonal climate, violence & aggression	Staff injury, assault; low morale, stress; sickness absence; litigation and insurance claim; backlogs and overtime cost; bad publicity; criminal prosecution	4	3	12	MOD	Risk Assessment Programme - Technical + Office + Field activities; Recognised reporting protocols; Issue of Personal Protective Equipment, where appropriate; External advice on control measures; Employee induction. Call in/out procedures documented. Mobile phones in use. Lone working devices in use. CV19 Site visit protocol established. Regular contact with staff working remotely and escalation to counselling services via Moray Council. Permanent office based working allowed where appropriate.	good	6	TOL	GMO	PPE audit required. Risk assessments to be reviewed. Lone working policy required (Moray Council HR)	01/12/2023	6 monthly
1b Fraudulent activity by employee (Valuation Roll, Council Tax and Electoral Registration)	Adverse publicity; Elected Member concern; senior staff reprimand; systems replacement; internal inquiry uses valuable resource. Removal of IER Accreditation.	3	3	9	LOW	Audit staff records; Staff training/awareness e.g. conflict of interest; Stringent checks on Valuation Roll and Valuation List amendments improved reporting from 2012/13; Audit reconciliations. ER postal vote number threshold check in place. ER duplicate name check procedure in place. Disclosure Scotland checks carried out on existing staff and new employees. Information protection course has been completed by all staff and now part of new start induction process. Disclosure refreshed every 4 years. Register of interests for all staff implemented December 2020.	good	4.5	TOL	MJA	Review access to ER/VR/CT based on operational requirements. Review Disclosure status of existing staff	01/09/2023	6 monthly
1c Fraudulent activity by employee (Financial)	Misappropriation of funds; adverse publicity; Elected Member concern; senior staff reprimand; systems replacement; internal inquiry uses valuable resource	2	2	4	TOL	Financial controls, Banking reviewed; Staff training/awareness; External check by Finance staff + audit reconciliations. Purchase card transaction logging and approval system	good	2	TOL	MJA LHS	MJA to continue close liaison with Treasurer and Accountant.	01/09/2023	3 monthly

Risk Description	Worst Case Outcome Scenario	Likelihood of actual occurrence (score 1 - 5)	Impact if exposure occurs (score 1-5)	Gross Score (L x I)	Initial Risk Rating	Current Controls	Quality & Effectiveness of Controls Good x 0.5 OK x 0.8 Poor x 1.5	Net Score	Revised Risk Rating	Risk Owner	Action Proposed	Review Date	Review Cycle
1f Elgin office accommodation may be unfit for current demands of service. Concern regarding DDA.	Health & Safety of staff compromised; poor security; inadequate storage; failure to comply with legislation e.g. DDA; poor image, operational inefficiency; morale damage	4	2	8	LOW	Service responsiveness to assessed risks. Replacement windows installed, maintenance and refurbishment programme underway. Disabled access arrangements with ground floor accommodation occupier.	ok	6.4	TOL	JAB	Alternative options to be considered as part of a wider review of estate requirements & ongoing discussions with Moray Council.	01/09/2023	6 monthly
1g Environmental controls for IT Server accommodation inadequate	IT outages due to inadequate environmental controls	4	4	16	HIGH	Mechanical ventilation installed, remote monitoring and alerts.	Poor	24	HIGH	MJA	Continue to monitor conditions. Requirement for equipment in Banff being reviewed as part of migration to Aberdeenshire IT	01/09/2023	3 monthly
2. QUALITY, SECURITY, INTEGRITY & COMMUNICATION OF INFORMATION													
2a Inadequate engagement with the Board on Governance matters in general and risk management in particular	Adverse audit report; failure to achieve service improvements; No overall organisational recognition of strategic direction	2	3	6	TOL	Financial and operational performance information reported to the Board at all meetings. The Board review the operational performance thresholds periodically. Risk analysis is presented to the Board annually.	good	3	TOL	MJA	Monitor risk.	01/12/2023	Annually
2b The service is heavily reliant upon ICT systems; loss or serious interruption of data or service e.g. fire, hacking, virus, patching, employee misuse - intentional or accidental	Loss of data and essential records; disclosure of confidential records; cost of recovering systems and data reinstatement; loss of data integrity; Elected Member concern; Partner councils' concern; adverse publicity. Increased issue of ransomware.	3	4	12	MOD	Rigid protocols for data back-up; Disaster Recovery Server; Data share with councils; Strategy of outsourcing systems and support to maximise resilience. IT Systems monitored by Aberdeenshire IT Team.	good	6	TOL	MJA	Staff training and testing required to raise awareness and reduce risk from ransomware. SLA with Aberdeenshire Council for management of all GVJB IT systems finalised and migration underway.	01/09/2023	3 monthly
2c Inadequate corporate policy documents	Errors and omissions; avoidable accidents and loss; employee dispute and claims; adverse audit report; fraud; low morale; breach of legislation; inability to change or improve; failure to meet Corporate Governance obligations	4	2	8	LOW	HR and governance policies review programme in place. IT policy documents reviewed to comply with PSN requirements. Records Management Plan approved by Keeper. MT to monitor policies and HR to progress review programme.	ok	6.4	TOL	MT	Policy review programme to continue, to include Lone Working. Check latest position with Moray council HR.	01/12/2023	6 monthly
2d Inadequate procedure documents	Errors and omissions; avoidable accidents and loss; employee dispute and claims; adverse audit report; fraud; low morale; breach of legislation; inability to change or improve; failure to meet Corporate Governance obligations	4	2	8	LOW	IT, CT and VR manuals and procedures constantly reviewed.	ok	6.4	TOL	MJA GMO JAB LHS	Work practices under constant review. CT & VR Manuals to be reviewed and updated. Particular requirement to reflect the changes in legislation regarding Self Catering Units.	01/12/2023	6 monthly

Risk Description	Worst Case Outcome Scenario	Likelihood of actual occurrence (score 1 - 5)	Impact if exposure occurs (score 1-5)	Gross Score (L x I)	Initial Risk Rating	Current Controls	Quality & Effectiveness of Controls Good x 0.5 OK x 0.8 Poor x 1.5	Net Score	Revised Risk Rating	Risk Owner	Action Proposed	Review Date	Review Cycle
3.SPECIFIC BUSINESS RISKS													
3a Referencing & Records Management of our Valuation Roll, Council Tax and Electoral Registration data may be inefficient	Regular duplication of work; confusion in use of multiple references for same property	4	2	8	LOW	Staff training, Shared Directories	ok	6.4	TOL	JAB	File naming convention in hand as part of our records management procedure. Digitisation of property records to be considered. Migration of files to Sharepoint underway.	01/12/2023	6 monthly
4.SPECIFIC GOVERNANCE RISKS													
4a Data protection	There is an unauthorised release of information.	4	3	12	MOD	Working with colleagues on SAA Governance Committee. FoI group formed at SAA. GDPR training undertaken in Spring 2018. Privacy notices have been updated. DPO has been appointed. Suppliers contracts include data processing agreements. Data breach procedure and log in place.	ok	9.6	LOW	JAB	Working with SAA Governance Committee and stakeholders on data agreements.	01/12/2023	6 monthly
5. BUSINESS PLANNING & MANAGEMENT													
5e A strategic shift in the taxation ethos	GVJB may cease to exist; function may be contracted, regionalised; staff redundancies; low morale, staff required to run down existing systems whilst preparing for replacement procedures; Errors, loss of data	3	4	12	MOD	Largely a political issue outwith specific control of the service; the SAA is actively engaged in the new devolved taxation bodies which include Revenue Scotland, the Devolved Tax Collaborative and the Tax Consultation Forum. NDR(S)Act in place SAA Project Plan in place.	OK	9.6	LOW	MJA	Monitor situation which might be subject to policy changes. Non-domestic taxation position is now settled with the NDR reforms being implemented.	01/12/2023	6 monthly
5f Inadequate funding	Essential equipment and Systems upgrade/replacement placed on hold; inability to recruit, retrain or develop staff; poor morale; service improvement opportunities lost; staff leakage	3	4	12	MOD	Board can requisition at their required level. We currently have cross discipline working practices in place.	good	6	TOL	MJA	Monitor performance closely for early detection of service degradation. Keep staff informed and involved, encourage innovation and flexible working.	Monthly	Monthly
5g Board fails to make adequate requisitions	100% service failure due to lack of funds resulting in default on property and equipment rentals, insurances, software licencing and salaries.	3	4	12	MOD	Budget scenarios presented to Board prior to budget setting meeting. Ongoing advice of Board Officers.	ok	9.6	LOW	MJA	Board Officers to liaise with constituent authorities to seek to ensure that Board requisitions are made timeously.	01/09/2023	3 monthly
5h Inadequate business continuity planning	Inability to maintain or restore essential business functions within required timescale. Failure to meet statutory deadline; audit censure, intervention; dispute with partner councils; Member concern, adverse publicity; loss of records; financial penalties; waste of time and essential resource through inability to control crisis situation	3	5	15	MOD	Business Continuity/Contingencies Plan approved and implemented. Breach notification procedure in place.	good	7.5	LOW	MJA	Contingencies plan under review	01/09/2023	3 monthly

Risk Description	Worst Case Outcome Scenario	Likelihood of actual occurrence (score 1 - 5)	Impact if exposure occurs (score 1-5)	Gross Score (L x I)	Initial Risk Rating	Current Controls	Quality & Effectiveness of Controls Good x 0.5 OK x 0.8 Poor x 1.5	Net Score	Revised Risk Rating	Risk Owner	Action Proposed	Review Date	Review Cycle
5i Introduction of Registration policy changes	egradation of Register completeness and accuracy. Failure of election processes.	5	3	15	MOD	Risk and issues register in place. Active voter engagement strategy in place. Active monitoring of legislative progress. SAA ERC, Scottish Government and DLUHC working with EMS supplier to specify and test required system amendments	good	7.5	LOW	LHS	Risk and issues register to be reviewed by Senior Admin & Management Team. Continue to seek to strengthen degree of engagement with Cabinet Office/DLUHC, IER DS and Scottish Government.	Monthly	Monthly
6. SERVICE, PROCESS & DELIVERY													
6a Inadequate numbers of trained / skilled staff to fulfil statutory functions	Failure to meet statutory deadline; errors, omissions; stress, sickness absence; resignation; audit censure; public, media concern	4	5	20	HIGH	Our internal recruitment policy and RICS training scheme assists retention/recruitment of trained staff. Individual training plans for graduates/trainee valuers prepared and maintained. Skills audit of administrative personnel. Absence Management Policy applied across all offices and staff groups.	ok	16	HIGH	GMO	Arrange external opportunities for experience. Widen training across disciplines. Progress training of all Admin staff in CT, VR & ER work. Review whether Divisional approach is still appropriate for valuation section. Training plan for all new members of staff. Regular monitoring of staff welfare by supervisors. Expert advice sought from Moray HR to investigate reasons for inability to recruit qualified survey staff. Consider fresh approach to universities. Graduate apprenticeships to be taken up by existing staff.	01/09/2023	3 monthly
6b Inadequate staff development	Inability to retain staff	4	3	12	MOD	SRDS has been implemented. HR advice on revision to SRDS obtained.	ok	9.6	LOW	JAB	Review SRDS provisions in place in comparable organisations and Councils	01/12/2023	6 monthly
6c Over-reliance upon a small number of key Information Technology & Systems specialists.	Backlogs, error and omission; stress; inability to recruit, unattractive prospect; staff leakage, insurance claims; quality deficit, deadlines missed; low morale; inability to plan and schedule	3	5	15	MOD	Advance planning - with the exception of snap elections demands are programmed. Outsourcing of services with Service Level Agreements in place. Electoral registration system outsourced to increase long-term resilience. Password management arrangements in place. Arrangement in place with Aberdeenshire IT to manage IT systems. Additional IT Analyst recruited.	good	7.5	LOW	MJA	Consider additional third party supported packages. Check on progress made by other Assessors.	01/09/2023	6 monthly
6d Inconsistency of approach to tasks due to geographical spread of offices and different councils involved	Imbalance in standards and levels of performance arising out of the differing "capabilities" of our constituent councils; friction with partner councils; audit censure; loss of flexibility	5	2	10	LOW	Regular management administrative and technical group meetings, Operational manuals and Statutory requirements. Since implementation of remote working in March 2020 management has been focussed around broad process disciplines and demand with less emphasis on local office and divisional management.	good	5	TOL	JAB	Wholesale review current procedures required and to be informed by SAA NDR reform workstreams. At a national level the SAA Action Plan first published October 2017 includes an issues log. Local issues log ongoing & influenced by recent changes in legislation.	01/09/2023	6 monthly

Risk Description	Worst Case Outcome Scenario	Likelihood of actual occurrence (score 1 - 5)	Impact if exposure occurs (score 1- 5)	Gross Score (L x I)	Initial Risk Rating	Current Controls	Quality & Effectiveness of Controls Good x 0.5 OK x 0.8 Poor x 1.5	Net Score	Revised Risk Rating	Risk Owner	Action Proposed	Review Date	Review Cycle
6e Failure of external contractor at crucial point in service cycle. (ER)	Missed deadline; contractual dispute; GVJB blamed for contractor failure; additional expense; re-tendering exercise; audit censure; media comment; friction with partner councils;	3	4	12	MOD	Revised procurement procedures implemented and supported by Moray Council Procurement team. A procurement action plan is in place. Canvass Risk Register maintained. Additional infrastructure has been procured to increase resilience.	good	6	TOL	LHS	Regular monitoring. Procurement exercise underway for EMS.	01/12/2023	6 monthly
6f Failure of external contractor at crucial point in service cycle. (IT)	Missed deadline; contractual dispute; GVJB blamed for contractor failure; additional expense; re-tendering exercise; audit censure; media comment; friction with partner councils;	3	4	12	MOD	Revised procurement procedures implemented and supported by Moray Council Procurement team. A procurement action plan is in place. Requirement for contingency planning by contractors. Backup network in place. Out of hours monitoring and support contracts in place. GVJB IT systems now managed by Aberdeenshire IT	good	6	TOL	MJA	Regular monitoring and quarterly meeting with Aberdeenshire IT. Applications moving to Aberdeenshire's environment.	01/09/2023	3 monthly
6h Out of hours working for statutory events	Staff not available to process last minute registration or absent vote applications or to carry out valuation related tasks for revaluation.	3	3	9	LOW	Overtime payments or time off in lieu is granted for out of hours working. Employment contracts amended from March 2013 to provide out-of-hours availability.	good	4.5	TOL	MJA	Sufficient advance notice to staff if out of hours working required.	01/09/2023	6 monthly
6i Industrial action by Employees	Reduced capability	3	3	9	LOW	Local Level - liaison with union reps. National level - negotiations & dialogue via COSLA.	ok	7.2	LOW	MJA	Active monitoring	01/09/2023	6 monthly
Notes				Key									
Likelihood & Impact of each incident are first multiplied to provide an initial score.				CT Council Tax				MT Management Team					
Both Likelihood & Impact are measured on a scale of 1 = Low, 5 = High.				ER Electoral Registration				GMO Gavin Oag					
The initial assessment is a consideration of the risks without regard to any controls or procedures that may be in place. This provides a gross score which is an indication of the potential scale of any problems. IT IS ESSENTIAL THAT GROSS SCORE IS NOT BENEFICIALLY INFLUENCED BY CONSIDERATION OF EXISTING OR INTENDED CONTROLS.				KPI Key Performance Indicator				JAB Jim Barron					
				IT Information Technology				KJF Keith Fordyce					
				SAA Scottish Assessors Association				LHS Linda Smith					
				VR Valuation Roll				MJA Mark Adam					
								RS Rob Strang					
								SJD Steve Dunbar					
The manager or group then review the CONTROLS that are or should be in place to reduce the various exposures (with reality testing as appropriate) and adjust the gross score by weighting factors (good = 0.5, OK = 0.8, poor = 1.5) to provide a net risk score.													
Net risk scores are graded -													
TOLERABLE = < 6.5; LOW = 6.5 up to 10; MODERATE = > 10 up to 15; HIGH = > 15													
Any risks still assessed as HIGH or MODERATE should be programmed for corrective action. This should be agreed with the risk owner who should assign responsibility for taking action and the appropriate timescales. e.g. High = commence within 4 weeks;													
Moderate = commence within 4 months; Low = commence if resource available; Tolerable = No action													

Risk Description	Worst Case Outcome Scenario	Likelihood of actual occurrence (score 1 - 5)	Impact if exposure occurs (score 1-5)	Gross Score (L x I)	Initial Risk Rating	Current Controls	Quality & Effectiveness of Controls	Net Score	Revised Risk Rating	Risk Owner	Action Proposed	Review Date	Review Cycle
							Good x 0.5 OK x 0.8 Poor x 1.5						

Risk Matrix - Likelihood

Likelihood	Description				
5	Almost certain	Will undoubtedly happen, possibly frequently	Over 90%	Annual	Imminent/near miss
4	Likely	Will probably happen, but not a persistent issue	Up to 90%	3 year	Has happened in the past
3	Possible	May happen occasionally	Up to 65%	10 year	Has happened elsewhere
2	Unlikely	Not expected to happen, but is possible	Up to 20%	25 year	Not known in this activity
1	Remote	Very unlikely this will ever happen	Less than 5%	100 year	Force majeure

Risk Matrix - Impact

Impact Score	Description					
		Impact on Service Objectives	Financial Impact	Impact on People	Duration of Impact	Impact on Reputation
5	Catastrophic	Unable to function, inability to fulfil obligations	Severe financial loss (> £)	Death	In excess of 2 years (days) to recover pre event position	Highly damaging, severe loss of public confidence
4	Major	Significant impact on service provision	Major financial loss	Extensive injury, major permanent harm	Between 1 year - 2 years (days) to recover pre event position	Major adverse publicity, major loss of confidence
3	Moderate	Service objectives partially achievable	Significant financial loss	Medical treatment required, semi permanent harm up to 1 year	Between 6 months to 1 year (½ to 1 day) to recover pre event position	Some adverse publicity, legal implications
2	Minor	Minor impact on service objectives	Moderate financial loss	First aid treatment, non permanent harm up to 1 month	2 to 6 months (hours) to recover	Some public embarrassment, no damage to reputation
1	Negligible	Minimal impact, no service disruption	Minimal financial loss (< £)	No obvious harm/injury	Minimal - up to 2 months (hours) to recover	No interest to the press, internal only

Risk Description	Worst Case Outcome Scenario	Likelihood of actual occurrence (score 1 - 5)	Impact if exposure occurs (score 1-5)	Gross Score (L x I)	Initial Risk Rating	Current Controls	Quality & Effectiveness of Controls Good x 0.5 OK x 0.8 Poor x 1.5	Net Score	Revised Risk Rating	Risk Owner	Action Proposed	Review Date	Review Cycle
Obsolete Risks													
1d Storage accommodation (on and off site) may be unfit for current demands of service. Concerns regarding amount of storage space.	Inadequate storage; operational inefficiency	0	0	0	TOL	Service responsiveness to assessed risks.	good	0	TOL	MT	No longer a current risk.		
1e Banff office accommodation may be unfit for current demands of service	Health & Safety of staff compromised; cost of running repairs; poor security; inadequate storage; failure to comply with legislation e.g. DDA; poor image,	0	0	0	TOL	Regular building surveys; Patch & mend repairs as necessary; Fire and security protections and	good	0	TOL	MJA	Building now vacated and staff have moved to new purpose built office. No longer a current risk.		
4a Lack of certainty regarding duty of disclosure under Freedom of Information	No longer considered to be an issue and likelihood minimal.	1	1	1	TOL	Scottish Assessors Association - pooled expertise; Register created on types of information request received to provide guidance; Controls untested, but increasing level of staff understanding obtained from practical experience	good	0.5	TOL	IHM	Revised publication scheme implemented.		
5a Relocation of Banff office	Loss of records; interruption to service and missed deadline; contractor failure; inadequacies in facilities at new site; staff injury, complaint, claim; dispute with contractor; additional, unbudgeted costs	0	0	0	TOL	Tight project plan; Close monitoring of plan. Selective timing; Appointment + monitoring of reputable contractors	good	0	TOL	GMO	Move completed successfully. No longer a current risk.		
5b Relocation of main HQ at future date.	Uncertainty over final location; partner timeframe does not recognise essential GVJB service or Statutory deadlines; damage to staff morale; disruption to service; systems failure and related "snagging" problems at new site; staff injury, complaint; loss or damage to equipment; failure by removal contractor; unforeseen costs.	0	0	0	GOOD	Move completed successfully	good	0	TOL	AWH DGY	Move completed in June 2007, new 10 year lease.		
5c Outstanding matters in connection with new lease of HQ accommodation	Uncertainty over final location; partner timeframe does not recognise essential GVJB service or Statutory deadlines; damage to staff morale; disruption to service; systems failure and related "snagging" problems at new site; staff injury, complaint; loss or damage to equipment; unforeseen costs.	5	3	15	MOD		good	12	MOD	IHM	Lease finalised.		
5d We may be required to carry out a Council Tax revaluation	Inadequate staff resource - competencies and number; Media management; Member agendas; quality or deadline slip in ongoing service; public resistance and volume of appeals; increased staff costs	1	2	2	TOL	Records are currently maintained up to date in readiness for a Revaluation at any time	good	1	TOL	MT	Revaluation now unlikely.		
5g We may have difficulty managing the outcome of the staffing review; (equal pay legislation). Staffing review completed and Career Grade Scheme approved but not yet fully implemented.	Industrial action; poor staff morale; staff leakage; inability to replace, recruit; increased financial cost.	0	0	0	TOL	Career grade scheme to be implemented.	good	0	TOL	IHM	Review successfully completed and Career Grade Scheme implemented.		
6g Risk of Solar Flare	There is a heightened risk of increased solar flare activity peaking in 2013. Any magnetic media (disk or tape) could be wiped by such an occurrence.	1	5	5	TOL	Data in Woodhill House is located in basement, this may offer some protection. Banff and Elgin data vulnerable. Elgin archived data stored at Woodhill House.	ok	4	TOL	DGY	Industry standard precautions taken	01/03/2016	6 monthly

Risk Matrix - Likelihood

Likelihood	Description				
5	Almost certain	Will undoubtedly happen, possibly frequently	Over 90%	Annual	Imminent/near miss
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Risk Matrix - Impact

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2	Minor	Minor impact on service objectives	Moderate financial loss	First aid treatment, non permanent harm up to 1 month	2 to 6 months (hours) to recover	Some public embarrassment, no damage to reputation
1	Negligible	Minimal impact, no service disruption	Minimal financial loss (< £)	No obvious harm/injury	Minimal - up to 2 months (hours) to recover	No interest to the press, internal only



REPORT TO: Grampian Valuation Joint Board on 30 June 2023

SUBJECT: Valuation Roll and Council Tax Valuation List

BY: Depute Assessor & ERO (Aberdeen & Moray)

1. Reason for Report

1.1 To provide an operational update on the valuation services provided by the Assessor including the performance levels achieved during 2022/23.

2. Recommendation

2.1 It is recommended that the Board note the report.

3. Background

3.1 The Board's Code of Corporate Governance sets out a framework of performance measurement and evaluation. This framework identifies a number of quantitative service-related performance indicators.

3.2 The current thresholds for the performance indicators that have been agreed between the Scottish Government and the Scottish Assessors Association were reviewed by the Board in June 2021.

4. Valuation Roll

4.1 Revaluation 2023

The revaluation of 30,184 subjects in the Grampian rolls as at 31 March 2023 and the valuation of 112 previously exempt public parks has been completed with statutory valuation notices issued to 44,347 property owners and occupiers on 24 March.

4.2 Appeals

4.2.1 Revaluation 2017 appeals

Since the last report, to the January meeting of the Board, a further 44 of the 86 remaining Revaluation 2017 appeals that had been referred to the Lands Tribunal for Scotland have been resolved.

4.2.2 Running roll appeals

As reported in January, there were 9,500 outstanding running roll appeals, the majority of which are material change of circumstances (MCC) appeals arising from the Covid-19 pandemic. As previously reported, these MCC appeals were invalidated by the Non-Domestic Rates (Coronavirus) (Scotland) Act 2022. Following further withdrawals, the number eventually transferred to the new First-tier Tribunal Local Taxation Chamber in April was 6,745. The Tribunal has recently written to all appellants requesting a reply within 28 days as to the status of these appeals and we therefore expect a further significant drop in the number outstanding as a result of that exercise. Any remaining appeals were to be dealt with by the Tribunal by the end of the calendar year, but the Scottish Government has recently laid legislation to extend that deadline to 31 December 2024.

4.2.3 Revaluation 2023 appeals

To date we have received 176 proposals against Revaluation 2023 valuations. The deadline for such appeals is now 31 July in place of the 30 September deadline that existed at previous revaluations.

4.3 Running roll updates

Appendix 1 provides performance for running roll updates to the Valuation Roll during the period from 1 April 2022 to 31 March 2023 and the previous two years. Performance during 2022/23 continued to be impacted by the level of valuer vacancies together with the various demands of the new revaluation process previously intimated. As anticipated in the report to the January meeting of the Board, the performance figures have further declined as a result of updates processed in the final quarter of the rating year. However, I believe staff should be commended for maintaining the integrity of the rolls through the processing of close to 1,000 amendments during that period, whilst still in the process of checking and finalising the Revaluation rolls.

5. Council Tax Valuation List

5.1 Updates to the List

Appendix 2 provides performance information for updates to the Council Tax Valuation List. The percentage of updates achieved within the 3 month performance threshold remains below target for a normal year and again reflects the challenges of working with high valuer vacancy levels and the requirements of the 2023 Revaluation. Nevertheless, across the year, 2,725 new dwellings were added to the List with 71% being entered within three months of occupation and 94% within six months of occupation.

5.2 Proposals and Appeals

The vast majority of the backlog of outstanding Council Tax proposals arising from the pandemic were disposed of by way of six Valuation Appeal Committee hearings during February and March. As a result, only 36

outstanding appeals were required to be transferred to the new First-tier Tribunal Local Taxation Chamber on 1 April 2023.

6. Conclusion

The valuation service continues to face significant challenges, particularly having regard to the level of valuer vacancies and the tighter Revaluation timescale. Nevertheless, the valuation service has performed well in regard to maintenance of both the Roll and the List and the disposal of outstanding appeals in both systems.

Author of Report: Gavin M Oag Depute Assessor & ERO

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Appendix 1

Valuation Roll Performance Indicators as at 31 March 2023

	Time period	2022/2023	2021/2022	2020/2021
Amendments within time periods	0 - 3 Months	527	663	425
The number of amendments made to the valuation roll during the year as a result of material change of circumstances and new subjects.	%	30.41%	39.39%	29.72%
	<i>Threshold %</i>	65.00%	<i>65.00%</i>	<i>70.00%</i>
	3 - 6 Months	338	380	278
	%	19.50%	22.58%	19.44%
The time period is the period between the effective date of the amendment and the date the corresponding Valuation Notice is issued.	<i>Threshold %</i>	20.00%	<i>20.00%</i>	<i>15.00%</i>
	Over 6 Months	868	640	727
	%	50.09%	38.03%	50.84%
	<i>Threshold %</i>	15.00%	<i>15.00%</i>	<i>15.00%</i>
Number of amendments		1,733	1,683	1,430
Total number of entries	At 1 April	30,326	30,107	29,950
Total Rateable Value	At 1 April	£1,002.00M	£1,007.00M	£1,021.00M

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Appendix 2

Council Tax Valuation List Performance Indicators as at 31 March 2023

	Time Period	2022/2023	2021/2022	2020/2021
New Entries within Time Periods The time period is the period between the effective date of the amendment and the date the corresponding Banding Notice is issued.	0 - 3 Months	1,938	2,465	1,357
	%	71.12%	83.16%	61.35%
	<i>Threshold %</i>	94.00%	94.00%	94.00%
	3 - 6 Months	623	344	408
	%	22.86%	11.61%	18.44%
	<i>Threshold %</i>	3.00%	3.00%	3.00%
	Over 6 Months	164	155	447
	%	6.02%	5.23%	20.21%
	<i>Threshold %</i>	3.00%	3.00%	3.00%
Number of New Entries Added The actual number of new dwellings added to the Valuation List during the year.		2,725	2,964	2,212
Total Number of Entries The actual number of properties shown in the Valuation List as at 1 April annually.		300,067	297,597	295,690
Adjusted to Band "D" Equivalent	Original ratios	298,616	295,659	293,546
	2017 ratios	314,462	311,265	308,992
Number of proposals accepted		12	12	11



REPORT TO: Grampian Valuation Joint Board on 30 June 2023

SUBJECT: Complaints Handling Performance

BY: The Assessor and ERO

1. Reason for Report

1.1 To report on complaints handling performance.

2. Recommendation

2.1 It is recommended that the Board consider the complaints handling performance.

3. Background

3.1 Complaints are valuable. When handled well, they can provide a low cost and important source of feedback and learning for the organisation to drive improvement and restore a positive relationship with service users who may feel let down by poor service.

3.2 2022/23 is the seventh year of operation of the revised Complaints Handling Procedure. The procedure follows the Scottish Public Services Ombudsman's (SPSO) model complaints handling procedure and comprises three stages

- Stage 1 - frontline resolution;
- Stage 2 - investigation where stage 1 is not capable of resolving the issue;
- Stage 3 - referral to the SPSO where service failure or maladministration has not been identified at Stage 2 and the issue remains unresolved.

3.3 Local authorities are required to assess complaints handling performance to provide assurance in relation to their performance, to facilitate continuous improvement and to assist in benchmarking between local authorities.

4. Current position

4.1 The SPSO's Complaints Standards Authority (CSA) developed a series of performance indicators. The format for reporting these indicators has been amended from 2022/23 onwards by the CSA and this year's report is the first to reflect the revised style and amended indicators.

4.2 Complaints performance

4.2.1 Previously reported complaints performance 2019/20 to 2021/22 for comparison

Indicator	2019/20		2020/21		2021/22	
	%	No.	%	No.	%	No.
Total number of complaints		16		5		11
Total number of complaints/1000 population		0.03		0.01		0.02
Complaints closed at Stage 1	100%	16	80%	4	73%	8
Complaints closed at Stage 2		0	20%	1	27%	3
Resolution outcome						
Complaints upheld at Stage 1	44%	7		0	18%	2
Complaints partially upheld at Stage 1	12%	2		0		0
Complaints not upheld at Stage 1	44%	7	80%	4	55%	6
Complaints upheld at Stage 2		0		0	9%	1
Complaints partially upheld at Stage 2		0		0	18%	2
Complaints not upheld at Stage 2		0	20%	1		0
Resolution time						
Average time for a full response at Stage 1		2 days		6 days		6 days
Complaints resolved at Stage 1 against SPSO target 5 days	100%	16	50%	2	50%	4
Complaints extended at Stage 1 beyond SPSO target 5 days		0	50%	2	50%	4
Average time for a full response at Stage 2		-		10 days		14 days
Complaints resolved at Stage 2 against SPSO target 20 days		0	100%	1	100%	3
Complaints extended at Stage 2 beyond SPSO target 20 days		0		0		0

4.2.2 Revised complaints performance statistics format 2022/23

Indicator	2022/23
Total Number of Complaints	4
Indicator 1: Complaints Received per 1000 of population	0.007%
Indicator 2: Closed complaints	
The number of complaints closed at stage one as a percentage of all complaints	75.00%
The number of complaints closed at stage two as a percentage of all complaints	25.00%
The number of complaints closed at stage 2 after escalation as a percentage of all complaints	0.00%
Indicator 3: Complaints upheld, partially upheld and not upheld	
The number of complaints upheld at stage one as % of all complaints closed at stage one	0.00%
The number of complaints not upheld at stage one as a percentage of all complaints closed at stage one	66.67%
The number of complaints partially upheld at stage one as a percentage of all complaints closed at stage one	33.33%
The number of complaints upheld at stage two as % of all complaints closed at stage two	0.00%
The number of complaints not upheld at stage two as a percentage of all complaints closed at stage two	100.00%
The number of complaints partially upheld at stage two as a percentage of all complaints closed at stage two	0.00%
The number of escalated complaints upheld at stage two as % of all escalated complaints closed at stage two	N/A
The number of escalated complaints not upheld at stage two as a percentage of all escalated complaints closed at stage two	N/A
The number of escalated complaints partially upheld at stage two as a percentage of all escalated complaints closed at stage two	N/A
Indicator 4: Average time in working days for a full response to complaints at each stage	
Average time in working days to respond to complaints at stage one	3
Average time in working days to respond to complaints at stage two	20
Average time in working days to respond to complaints after escalation	N/A
Indicator 5: Percentage of complaints at each stage which were closed in full within the set timescales of 5 and 20 working days	
The number of complaints closed at stage one within 5 working days as % of total number of stage one complaints	66.67%
The number of complaints closed at stage two within 20 working days as % of total number of stage two complaints	100.00%
The number of escalated complaints within 20 working days as % of total number of stage one complaints	N/A
Indicator 6: Number of cases where an extension was authorised	
The number of complaints closed at stage one where extension was authorised, as % all complaints at stage one	33.33%
The number of complaints closed at stage two where extension was authorised, as % all complaints at stage two	N/A

Indicator 7: Customer satisfaction

The organisation has a high level of contact with stakeholders in the Grampian area and beyond with a canvass of more than 300,000 dwellings for around 450,000 electors, more than 2,500 new dwellings being added to the valuation list and 1,700 updates to the valuation roll being made relative to non-domestic properties. In addition, on 30 November 2022 we issued Draft Values for the 2023 General Revaluation to around 30,000 Non-Domestic properties throughout Grampian and in late March 2023 this was followed up with the issue of final Valuation Notices for the 2023 Revaluation and publication of the new Valuation Roll reflecting the revaluation. The statutory functions undertaken by the Assessor and Electoral Registration Officer are covered by a number of different appeal mechanisms, such as Non-Domestic Valuation and Council Tax and some aspects of Electoral Registration. Representations under these mechanisms cannot and should not be recorded as complaints. Despite such a widespread reach of the organisation's service provision across the Grampian area, the volume of complaints fell from those received in 2021/22 with only 4 formal complaints having been received. Anecdotally, this suggests a high and improving level of customer satisfaction from stakeholders of our services.

Indicator 8: Learning from complaints

A review of the four complaints recorded for 2022/23 show an even spread over our various services. This review has not identified any maladministration, or any significant failure in service delivery. Three of the four complaints were not upheld and the fourth complaint was only partially upheld. With the overall number of complaints being so low, having fallen from 11 in 2021/22, no meaningful analysis of these figures is possible. However, the feedback from all complaints over time, including those that have not been upheld, is utilised by the Management Team to improve communications.

5. Conclusion

- 5.1 The seventh year of operation of the updated complaints handling procedure has remained effective, with ready access for stakeholders and frontline personnel seeking to resolve issues within extremely short timeframes.
- 5.2 The extremely low number of complaints in 2022/23 does not really allow a comparison of resolution times with previous years. As in previous years, no firm conclusion can be taken from the volume of complaints.

Author of Report: James A Barron Depute Assessor & ERO



REPORT TO: Grampian Valuation Joint Board on 30 June 2023

SUBJECT: Staff Vacancies, Recruitment and Upskilling Existing Staff

BY: The Depute Assessor & ERO (Aberdeenshire)

1. Reason for Report

1.1 To update the Board on the current level of staff vacancies, recruitment and the upskilling of existing staff.

2. Recommendation

2.1 It is recommended that the Board consider and note the contents of this report.

3. Background

3.1 At the January 2023 meeting of the Board, it was requested that the Board be updated at each meeting on the level of vacancies and the steps being taken to improve the situation.

4. Current Vacancies

4.1 The Board currently has 12 vacant posts: -

<u>Section</u>	<u>Establishment (FTE)</u>	<u>Number of vacancies (FTE)</u>
IT	3	1
Secretarial	4	2
Valuation	29	9
Clerical	29	0
Technical	15	0

As previously advised, the IT post is currently unfilled and unadvertised pending a review of the organisation's IT requirements.

The Secretarial posts are also unfilled and unadvertised, pending a review of secretarial requirements. One post has been reprofiled and a job evaluation exercise has been carried out by Moray HR.

The Clerical team has no vacancies following a successful round of recruitment.

A round of recruitment in March received a number of responses and we were able to fill a Technical Assistant post that had fallen vacant due to retirement and also to recruit another Graduate Trainee Valuer, who will take up employment on 10 July 2023.

As detailed in the previous report, the Valuation posts have been the subject of multiple rounds of advertising. We made another attempt to fill the posts by placing adverts at the end of May in “myjobscotland” and also on the “RICS Recruit” website, which is the dedicated platform of the Royal Institution of Chartered Surveyors (RICS) for valuation and surveying career opportunities. Unfortunately, at the time of preparing this report, the latest round of advertising has failed to generate any interest in these vacant posts. We have also continued to advertise the various posts on our own website and have circulated the links to these posts to other assessor’s offices.

Since the last report was presented to the Board, one member of the valuation team and one member of the technical team have started maternity leave. In an attempt to alleviate the impact of the loss of a Principal Valuer during the period of maternity leave, we have temporarily appointed one of our most experienced valuers to a Senior Valuer position.

- 4.2 As previously reported, the staffing situation has clearly had an impact on the key performance indicators (KPI) and this is likely to remain the case until the staffing situation in the valuation team improves.
- 4.3 The welfare of our staff continues to be a high priority. We actively engage with our staff to determine whether there are problems emerging from their workloads, other work-related factors, or personal issues. The “Time for Talking” employee assistance service, continues to be available to staff should they feel they require external help.

5. Action Being Taken

- 5.1 As I have previously reported, the assistance of Moray Council HR has been requested in order to find ways to address the current staffing situation. The planned meeting between the Assessor and Moray Council HR has had to be postponed, but Moray Council HR have provided us with a copy of their draft Corporate Recruitment Action Plan. Unfortunately, at this stage, it does little more than illustrate that the problems the Grampian Assessor is facing in recruitment are mirrored for professional posts in the Moray Council and does not provide any real solutions, or suggestions as to how to mitigate the recruitment issue.

- 5.2 We have promoted the availability of the Napier University graduate apprenticeship degree course in Construction and Built environment to our staff and had some interest about undertaking the course. Two members of staff have taken up this opportunity, with one candidate aiming to join the course this year. It is anticipated he may gain direct entry to the course at its second-year level, subject to a check on his existing qualifications. The other member of staff would have also started in the second year of the course this year but has had to defer entry until next year for personal reasons.

This course will enable us to upskill members of our existing workforce, allowing them to enrol on the RICS Assessment of Professional Competence (APC) before the end of the course. This should then provide an avenue to these staff to become Chartered Surveyors, thus allowing us, in time, to start to fill these professional posts where we are receiving no applications when they are advertised externally. Obviously, this is not going to be a “quick-fix” to our recruitment issues as there will be a considerable lead time, even with direct entry to the second year of the course, before candidates graduate and then pass their APC. It also depends on the member of staff completing their course and being successful in their APC.

- 5.3 We will continue to discuss and explore avenues in which we may improve recruitment and the upskilling of our existing staff, including: -
- a) A review and refresh of information for applicants and the positioning of jobs/careers with the Board in conjunction with Moray Council HR
 - b) Promotion of the benefits of working for the Board
 - c) Further investigation of ways to promote flexibility and further exploring the suitability for remote and flexible working
 - d) Targeted recruitment advertising via social media
 - e) Look at ways to liaise with local schools, colleges and universities regarding current and future staffing requirements
 - f) Gather information on salary levels for comparable jobs/organisations to determine if recruitment difficulties are due to disparity in salary

6. Conclusion

- 6.1 Further work with Moray Council HR is required as a priority when resources on both sides permit. It is hoped that now one member of staff has committed to enrol on the graduate apprenticeship degree course that this may encourage other members of the organisation to consider doing the same. We will continue to try to recruit through our normal channels in the hope that we may be able to find suitably qualified candidates, who may be looking to change job, or relocate to the Grampian area. It is recommended that we continue with the course of action set out above and report back to the Board at the next meeting.

Author of Report: James A Barron Depute Assessor & ERO

