



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