



Grampian Valuation Joint Board

Friday, 03 November 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, 03 November 2023** at **09:30**.

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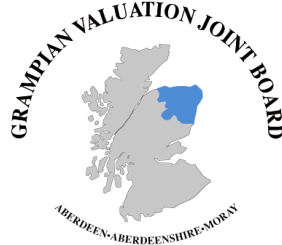
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GUIDANCE NOTES

- * **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:	Lindsey Robinson
Clerk Telephone:	07966 120593
Clerk Email:	committee.services@moray.gov.uk

Minute of Meeting of the Grampian Valuation Joint Board

Friday, 30 June 2023

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

PRESENT

Councillor Desmond Bouse, Councillor Isobel Davidson, Councillor Donald Gatt, Councillor Dell Henrickson, 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

SUBSTITUTES

Councillor Louise McAllister (for Councillor Seamus Logan)

APOLOGIES

Councillor Seamus Logan

IN ATTENDANCE

Also in attendance at the above meeting were Depute Assessor and ERO (Aberdeen and Moray), Depute Assessor and ERO (Aberdeenshire), Principal Admin Officer, Angela Pieri, External Auditor and the Democratic Services Manager.

1. 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.

2. Minutes of meeting - 27 January 2023

The minute of the meeting of 27 January 2023 was submitted and approved by the Board.

3. Grampian Valuation Joint Board - External Audit Plan 2022-23

Angela Pieri, External Auditor, Grant Thornton introduced herself to the Board and went through the salient points in the External Audit Plan and Informing the Audit Risk Assessment for 2022-23.

4. Unaudited Annual Accounts for 2022-23

A report by the Treasurer to the board asked the Board to consider the unaudited Annual Accounts for the Grampian Valuation Joint Board for the year ended 31 March 2023.

Following consideration the Board agreed to note the unaudited Annual Accounts of the Grampian Valuation Joint Board for the year ending 31 March 2023.

5. Revenue Budget Monitoring Statement 1 April to 31 May 2023

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 May 2023.

Following consideration the Board agreed to:

- i) 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.

6. Electoral Registration

A report by the Principal Admin Officer updated the Board on current developments in Electoral Registration.

Councillor Smith highlighted some issues with the GVJB website in relation to forms of Voter ID.

In response the Principal Admin Officer confirmed that a number of updates need to be carried out on the website and these issues will also be addressed.

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

7. Governance

A report by the Depute Assessor and ERO (Aberdeen and Moray) advised the Board of equalities mainstreaming activities.

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

8. Risk Management

A report by the Depute Assessor and ERO (Aberdeen and Moray) reported to the Board on Risk Management.

Following consideration the Board agreed to note the risk register and plans for the future.

9. Valuation Roll and Council Tax

A report by the Depute Assessor and ERO (Aberdeen and Moray) provide an operational update on the valuation services provided by the Assessor including the performance levels achieved during 2022/23.

Following consideration the Board agreed to note the report.

10. Complaints Handling Performance

A report by the Depute Assessor and ERO (Aberdeenshire) reported on complaints handling performance.

The Board joined the Chair in commending the low number of complaints received despite the high level of work being carried out within the Board.

Following consideration the Board agreed to note the complaints handling performance.

11. Staff Vacancies Recruitment and Upskilling Existing Staff

A report by the Depute Assessor and ERO (Aberdeenshire) updated the Board on the current level of staff vacancies, recruitment and the upskilling of existing staff.

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

12. Question Time

The Board noted that no questions were raised.

Annual Audit Report for Grampian Valuation Joint Board

Financial year ended 31
March 2023

Prepared for those Charged with Governance and the
Controller of Audit

27 October 2023



Contents



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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 external 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 Grampian Valuation Joint Board 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.

Executive Summary (1)

This table summarises the key findings and other matters arising from the external audit of Grampian Valuation Joint Board (GVJB) and the preparation of the financial statements for the year ended 31 March 2023 for those charged with governance (the Board) and the Controller of Audit.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and Audit Scotland's Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- The financial statements give a true and fair view of the state of affairs of GVJB as at 31 March 2023 and of the income and expenditure of GVJB for the year;
- GVJB's financial statements have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Code;
- GVJB's financial statements have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.
- the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

We are required to report whether the information given in the Management Commentary is consistent with the financial statements and has been prepared in accordance with statutory guidance issued under the Local government in Scotland Act 2003. We are also required to report on whether the information given in the Annual Governance Statement is consistent with the financial statements and prepared in accordance with the Delivering Good Governance in Local government: Framework (2016).

Based on our work to date, and the satisfactory completion of our final procedures we plan to issue an unmodified opinion.

We have concluded that the Remuneration Report has been prepared in accordance with requirements, the Governance Statement has been prepared in accordance with the relevant guidance and the other information to be published alongside the financial statements is consistent with our knowledge of GVJB.

The financial statements presented for audit were of a good quality and GVJB's finance team have supported the audit process, by providing suitable working papers and answering our auditor queries on a timely basis.

We have identified one adjustment to the primary statements relating to IAS19 transactions. There is a reduction of the IAS19 Pension asset from £10.246 million to nil. This is due to accounting standard IFRIC14 that is required to be considered, and as a result an asset ceiling was applied to the asset. There is also a requirement to show any unfunded liabilities separately, so a pension asset of £0.13 million and associated liability were included in the final financial statements. These adjustments are technical and do not impact usable reserves.

All amendments including disclosure changes are noted in Appendix 1 and have all been made by management in the final set of financial statements.

Our follow up of the one recommendation made by the predecessor auditor from 2021/22 is detailed in Appendix 3. The recommendation has been implemented.

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team in completing the external audit.

Executive Summary (2)

Wider scope

In accordance with Code and supporting guidance: “Supplementary guidance -wider scope audit, less complex bodies and Best Value”, we have concluded that GVJB is a ‘less complex body’ and therefore, carried out more limited wider scope work.

As required by the Code and this supporting guidance, we have assessed both the quantitative and qualitative risk factors related to GVJB and concluded that GVJB qualifies for this exemption for 2022/23.

A review of the Annual Governance Statement and concluding on financial sustainability are the areas of scope for the wider scope work.

Annual governance statement

We did not raise any significant issues in relation to the disclosure within the Annual Governance Statement. Minor changes were suggested, and they were amended in the final set of financial statements. Appendix 1 provides a summary.

Financial sustainability

We have raised one recommendation for management as a result of our audit work on wider scope. This can be found in Appendix 2.

Further details of the work undertaken is outlined on page 28.

Introduction

Scope of our audit work

This report is a summary of our findings from our external audit work for the financial year at GVJB. The scope of our audit was set out in our External Audit Plan.

The core elements of our audit work in 2022/23 have been:

- An audit of GVJB's annual report and accounts for the financial year ended 31 March 2023 [findings reported within this report];
- A review of the Annual Governance Statement and concluding on financial sustainability in accordance with wider scope requirements [within this report];
- Any other work requested by Audit Scotland.

Our work has been undertaken in accordance with International Standards of Auditing (ISAs) (UK) and the Code.

This report is addressed to GVJB and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

Responsibilities

GVJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts in accordance with proper accounting practices. GVJB is also responsible for compliance with legislation, and establishing arrangements over governance, propriety and regularity that enable it to successfully deliver its objectives.

Our responsibilities as independent auditors, appointed by the Accounts Commission, are set out in the Local Government in Scotland Act 1973, the Code and supplementary guidance, and International Standards on Auditing in the UK.

The recommendations or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist. Communication in this report of matters arising from the audit or of risks or weaknesses does not absolve officers from their responsibility to address the issues raised and to maintain an adequate system of control.

Adding value through our audit work

We aim to add value to GVJB throughout our audit work. We do this through using our wider public sector knowledge and expertise to provide constructive, forward looking recommendations where we identify areas for improvement and encourage good practice around financial management and financial sustainability, risk management and performance monitoring. In so doing, we aim to help GVJB promote improved standards of governance, better management and decision making, and more effective use of resources.

Audit of the annual report and accounts (1)

Our approach to the audit of the financial statements



Overall materiality

We set overall materiality at £94,000 which represents 1.90% of the entity's gross expenditure.

This has been updated from a planning materiality of £90,000 which was reported in our Audit Plan. This is due to the significant movement in gross expenditure from the 2021/22 value, upon which planning materiality had been based.

Key audit matters

The key audit matters were identified as:

- The valuation of the defined benefit pension scheme
- The valuation of land and buildings.

Significant risks

Other than the key audit matters noted above the other significant risks were identified as:

- Management override of controls (ISA (UK) 240); and
- Risk of fraud in expenditure recognition – non payroll expenditure (PN10).

Internal control environment

In accordance with ISA requirements we have developed an understanding of the Commission's control environment. Our audit is not controls based and we have not placed reliance on controls operating effectively as our audit is substantive in nature. In accordance with ISAs, over those areas of significant risk of material misstatement we consider the design of controls in place.

However, we do not place reliance on the design of controls when undertaking our substantive testing. We identified no material weaknesses or areas of concern from this work which would have caused us to alter the planned approach as documented in our plan.

Recap of our audit approach and key changes in our audit strategy

There has been no change to our anticipated audit approach from our Audit Plan.

Audit of the annual report and accounts (2)

Status of Audit Work

Our audit team and GVJB's finance team continue to work together to complete the audit.

At the date of writing the following areas of work are ongoing:

- Minor review points to clear,

Our work is subject to the following closing procedures which necessarily take place within the concluding stages of the audit:

- up to date review of board minutes and internal audit reports
- final review by the engagement manager, engagement lead
- receipt of the final signed management representation letter
- review of the final set of financial statements
- receipt of final signed financial statements
- receipt of management's updated going concern and post balance sheet events assessment at the date of sign off.

Audit quality is important to us, and it is important as auditors that we take a step back to consider all our audit evidence and the quality of our audit work on file on completion. This includes sufficient documentation of our key auditor judgements and conclusions.

Audit of the annual report and accounts (3)

Our audit opinion

Auditor's report on the financial statements

Subject to the satisfactory completion of outstanding items, we anticipate issuing an unmodified audit opinion.

As reported in the independent auditor's report, our opinion will cover whether, in our opinion:

- GVJB's financial statements give a true and fair view of the state of affairs of GVJB as at 31 March 2023 and of the income and expenditure of GVJB for the year;
- GVJB's financial statements have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the CIPFA Code of Practice on Local Authority Accounting 2022/23 ('the 2022/23 Code');
- GVJB's financial statements have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) regulations 2014, and the Local Government in Scotland Act 2003; and
- the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

We are required to report whether the information given in the Management Commentary is consistent with the financial statements and has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003.

We are also required to report on whether the information given in the Annual Governance Statement is consistent with the financial statements and prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Our work relating to the review of Management Commentary and Annual Governance Statement is complete and we have no significant or material matters to report to you in respect of the Management Commentary and the Annual Governance Statement.

Audit of the annual report and accounts (4)

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Basis for our determination of materiality

- **Materiality for financial statements as a whole** - We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
- **Performance materiality used to drive the extent of our testing** - We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
- We have determined planning materiality in the context of our knowledge of the business, including consideration of factors such as key stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements.
- We have used gross expenditure as the basis for determining materiality.

Specific materiality

- We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Reporting threshold

- We determine a threshold for reporting unadjusted differences to the GVJB Board.
- We will report to you all misstatements identified in excess of £4,700, in addition to any matters considered to be qualitatively material.

Audit of the annual report and accounts (5)

Our application of materiality (continued)

As communicated in our Audit Plan dated 31 March 2023, we determined financial statement materiality at the planning stage as £90,000 based on 1.90% of gross expenditure. Performance materiality was set at £58,500 based on 65% of overall materiality. At year-end, we have reconsidered planning materiality based on the final financial statements and increased the levels to those set out below.

We will report to you all misstatements identified in excess of £4,700, in addition to any matters considered to be qualitatively material.

A lower level of materiality of £5,000 is set for the senior officers' disclosures within the Remuneration Report.

Materiality was determined as follows:

Financial Statement Materiality threshold

Financial Statement materiality has been set at £94,000 which represents 1.90% of GVJB's gross expenditure. Financial Statement materiality is £1,000 lower than the materiality level set by the predecessor auditor in 2021/22.

Performance Materiality threshold

Performance materiality for the year has been set at £61,100 which represents 65% of financial statement materiality. Performance materiality is £9,900 lower than the materiality level set by the predecessor auditor in 2021/22.

Significant judgements made by auditor in determining materiality

The determination of materiality involves the exercise of professional judgement. In determining materiality, we made the significant judgements in selecting the appropriate benchmark of expenditure and the appropriate percentage to apply to the benchmark.

Significant revision(s) of materiality threshold that were made as the audit progressed

We calculated materiality during the planning stage of the audit and the during the course of our audit, we re-assessed initial materiality based on actual gross expenditure for the year ended 31 March 2023 and adjusted our audit procedures accordingly.

Audit of the annual report and accounts (6)

Detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to GVJB and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks; International Financial Reporting Standards and the 2022/23 Local Government Accounting Code of Practice.
- We enquired of Senior Officers and the Convener of the GVJB Board, concerning GVJB's policies and procedures relating to the identification, evaluation and compliance with laws and regulations; the detection and response to the risks of fraud; and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of Senior Officers and the Convener of the GVJB Board, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of GVJB's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journal entries that altered GVJB's financial performance for the year and potential management bias in determining accounting estimates in relation to the valuation of land and the estimations in respect of GVJB's defined pension liability. Our audit procedures are documented within our response to the significant risk of management override of controls below.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, included the potential for fraud in in certain account balances and significant accounting estimates.

Audit of the annual report and accounts (7)

Detecting irregularities, including fraud (continued)





In assessing the potential risks of material misstatement, we obtained an understanding of:

- GVJB's operations, including the nature of its operating revenue and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- GVJB's control environment, including the policies and procedures implemented by GVJB to ensure compliance with the requirements of the financial reporting framework.




Audit of the annual report and accounts (8)

Overview of audit risks

The table below summarises the key audit matters and significant risks discussed in more detail on the subsequent pages.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Key audit matter	Level of judgement or estimation uncertainty	Testing approach	Status of work
Defined benefit pension scheme valuation	Significant	↔	✘	✓	High	Substantive	 Green
Valuation of land and buildings	Significant	↔	✘	✓	High	Substantive	 Green
Management override of controls	Significant	↔	✓	✘	Low	Substantive	 Amber
Risk of fraud in expenditure	Significant	↔	✓	✘	Medium	Substantive	 Green

- ↑ Assessed risk increase since Audit Plan
- ↔ Assessed risk consistent with Audit Plan
- ↓ Assessed risk decrease since Audit Plan

-  Green - Not considered likely to result in material adjustment or change to disclosures within the financial statements
-  Amber - Potential to result in material adjustment or significant change to disclosures within the financial statements
-  Red - Likely to result in material adjustment or significant change to disclosures within the financial statements

Audit of the annual report and accounts (9)

Significant risks and Key Audit Matters

Responding to significant financial statement 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. This section provides commentary on the significant audit risks communicated in the Audit Plan.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Board's financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified.

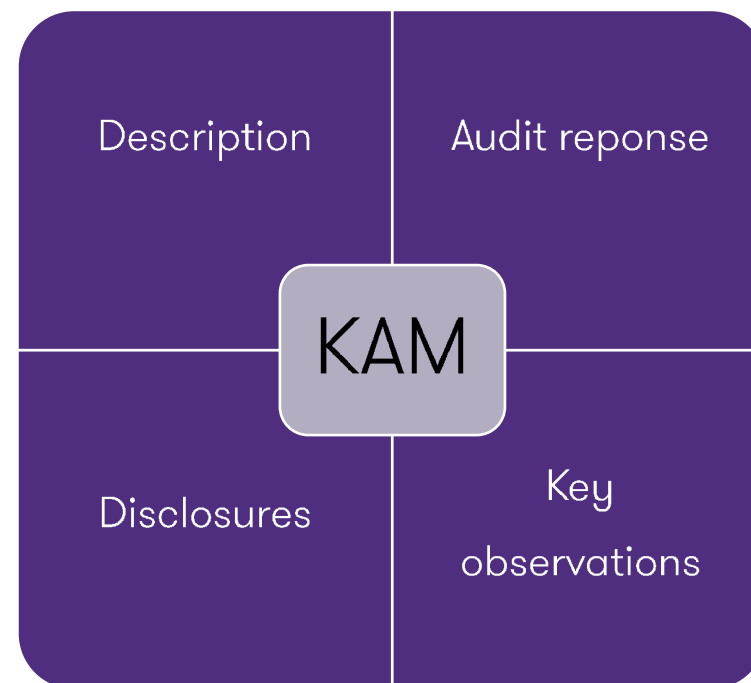
These matters included those that had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other risks

Other risks are, in the auditor's judgment, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.



Audit of the annual report and accounts (10)

Significant risks and Key Audit Matters (continued)

Risk 1: Defined benefit pension scheme valuation

GVJB participates in the North East Scotland Pension Fund, a local government pension scheme. There is an established protocol in place with Pension Fund auditors to provide external auditors with relevant assurance. The scheme is a defined benefit pension scheme and in accordance with IAS 19: Pensions, GVJB is required to recognise its share of the scheme assets and liabilities in its balance sheet. As at 31 March 2023 GVJB had a net pension fund asset of £10.246 million (2021/22: net liability of £0.503 million). Due to the application of an asset ceiling under IFRIC 14, this asset has been capped at nil. In addition any unfunded liabilities are required to be shown separately, so a pension asset and associated liability of £0.13 million has been added. The net reduction in reserves of £10.246 million has been made in the final version of the financial statements and related disclosure notes. The impact of this adjustment is to unusable reserves only.

GVJB's actuary, Mercer Limited, provide an annual IAS 19 actuarial valuation of GVJB'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 GVJB.

We identified the defined benefit pension scheme valuation as one of the most significant assessed risks of material misstatement due to error, and as a key audit matter.

Commentary

How our scope addressed the matter

In responding to the key audit matter, we performed the following audit procedures:

- Evaluated 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;
- Evaluated the assumptions made by Mercer Limited 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);
- Evaluated the data used by management's experts in the calculation of the estimates;
- Performed substantive analytical procedures over the gross assets, gross liabilities and in year pension fund movements, investigating any deviations from audit expectations;
- Assessed the accuracy and completeness of the IAS 19 estimates and related disclosures made within GVJB's financial statements.
- Reviewed management's assessment of the application of IFRIC 14.

Audit of the annual report and accounts (11)

Significant risks and Key Audit Matters (continued)

Risk 1: Defined benefit pension scheme valuation

Relevant disclosures in the Statement of Accounts for the year ended 31 March 2023

- Note 23 – Defined Benefit Pension Schemes

As at 31 March 2023 GVJB had a net pension fund asset of £0.13 million and a liability of £0.13 million after amendment (2021/22: net liability of £0.503 million). Therefore the pension reserve at 31 March 2023 in the amended financial statements is nil.

Commentary

Our results

- Usually local government scheme (LGPS) pension liabilities calculated on an IAS 19 basis exceed any pension assets and members of the LGPS recognise a net pension liability on their balance sheet. However, a net defined benefit asset may arise where the defined benefit plan has been overfunded or where actuarial gains have arisen.
- IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments. IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The pension asset can be recognised at the lower of the net pension asset or the present value of any economic benefits available.
- The Council requested an IFRIC14 assessment from the actuary which capped the pension asset at £nil. This was due to the IFRIC14 assessment where the present value of the benefits available were lower than the pension asset.
- Narrative disclosure was also added to the financial statements to explain the nature of the capped value and the asset ceiling applied.

Audit of the annual report and accounts(12)

Significant risks and Key Audit Matters (continued)

Risk 2: Valuation of land and buildings

In accordance with the CIPFA/LASAAC Code of Practice, subsequent to initial recognition, GVJB is required to hold property and property, plant and equipment (PPE) on a valuation basis. The valuation basis used depends 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.

GVJB's valuations are performed by Moray Council's internal valuer to undertake a rolling programme of valuations across the asset base, valuing land and buildings at least once every five years. In the intervening periods, Moray Council's valuer carries out a desktop review to assess the material accuracy of the assets not revalued to inform GVJB management. This includes an indexation assessment performed by the valuer. As at 31 March 2023, GVJB held PPE of £0.624 million for land and buildings. GVJB has two office buildings valued at existing use value on their balance sheet, one owned and one with user rights. The assets were not subject to formal revaluation during 2022/23 as the desktop review by the Valuer concluded that no material change in value had taken place.

Given the significant value of the land, and non-specialised buildings held by GVJB, 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.

We therefore focussed our audit attention on reviewing if any assets had unusual changes in valuations compared to last year and / or unusual approaches to their valuations, as a significant risk requiring special audit consideration and one of the most significant assessed risks of material misstatement due to error and a key audit matter.

How our scope addressed the matter –

In responding to the key audit matter, we performed the following audit procedures. As there was no revaluation during the year, the procedures were limited to those set out below

- evaluated management's processes and controls for the calculation of the valuation estimates, the instructions issued to their valuer and the scope of their work;
- evaluated the most recent valuer's report and assessed for reasonableness;
- evaluated the assumptions made by management for any assets not revalued during the year and how management had satisfied themselves that these valuers were not materially different to current value and
- reviewed your impairment assessment as to whether there are indicators of impairment.

Audit of the annual report and accounts(13)

Risk 2: Valuation of land and buildings (continued)

Commentary

Relevant disclosures in the Statement of Accounts for the year ended 31 March 2023

- Note 11 - Property, Plant and Equipment

Our results

- We reviewed management's assessment that any assets not revalued during 2022/23 are not materially different from their carrying value and did not raise any issues.
- We received confirmations from the Moray Council valuer regarding the independence and the scope of any work undertaken by the valuer.
- Our review of the understanding of the main assumptions used in the valuations did not raise any issues.

Audit of the annual report and accounts (14)

Significant risks and Key Audit Matters (continued)

Risk 3: Management override of controls

Commentary

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.

In response to the risk highlighted in the audit plan we carried out the following work:

- Documented our understanding of and evaluated the design effectiveness of management's key controls over journals;
- Analysed your full journal listing for the year and used this to determine our criteria for selecting high risk journals;
- Tested the high- risk journals we have identified;
- Gained an understanding of the critical judgements applied by management in the preparation of the financial statements and considered their reasonableness;
- Gained an understanding of the key accounting estimates made by management and carried out substantive testing on in scope estimates.; and
- Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Our results

GVJB utilises the Moray Council ledger for recording its transactions.

Our work on journals identified that the Council does not have journal authorisation processes within the general ledger, and processes are more informal. There is a reliance upon reactive controls through the budget monitoring process, whereas proactive controls would enhance the ability to reduce the risk of fraud or error from the opportunity to override management controls. Our work on journals for GVJB has required extra testing to mitigate this risk. A recommendation has been made in this area in the Moray Council Annual Audit Report.

The additional work to respond to the elevated risk level has led to additional audit work, and this has led to us seeking increased audit fee. This is set out at Appendix 4.

Our work is complete and has not identified any further issues from testing to raise with you.

Audit of the annual report and accounts (15)

Significant risks and Key Audit Matters (continued)

Risk 3: The revenue cycle includes fraudulent transactions

As set out in ISA (UK) 240 (Revised May 2021) there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

(rebutted)

Commentary

Auditing standards require us to consider the risk of fraud in Revenue. This is considered a presumed risk in all entities.

Having considered the risk factors set out in ISA (UK) 240 and the nature of the revenue streams at GVJB, 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.

Our results

Our work has not identified any issues in relation to revenue recognition.

Audit of the annual report and accounts (16)

Significant risks and Key Audit Matters (continued)

Risk 4: Risk of fraud in expenditure

As set out in practice note 10 (Revised 2022) '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.

GVJB'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 focussed our risk on the non-payroll expenditure streams. Our testing included a specific focus on year end cut-off arrangements, including consideration of the existence of accruals in relation to non payroll/non finance expenditure.

Commentary

In response to the risk highlighted in the audit plan we carried out the following work:

- Evaluated your accounting policy for recognition of expenditure for appropriateness and compliance with the CIPFA/LASAAC Code of Practice 2022/23;
- Performed detail testing of expenditure transactions at and around year end to verify the accounting period transactions related to and confirm if transactions had been recognised in the correct accounting period;
- Reviewed the judgements and estimates made by management when recognising accruals at year end within the financial statements, and where appropriate challenged management accordingly.

Our testing included a specific focus on year end cut-off arrangements, including consideration of the existence of accruals in relation to non payroll/non finance expenditure.

Our results

Our work has not identified any issues in relation to expenditure recognition.

Audit of the annual report and accounts (17)

Other key elements of the financial statements

As part of our audit there were other key areas of focus during the course of our audit. Whilst not considered a significant risk, these are areas of focus either in accordance with the Audit Scotland Code of Audit Practice or ISAs or due to their complexity or importance to the user of the accounts:

Issue	Commentary
Matters in relation to fraud and irregularity	It is GVJB's responsibility to establish arrangements to prevent and detect fraud and other irregularity. As auditors, we obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We obtain annual representation from officers and those charged with governance regarding GVJB's assessment of fraud risk, including internal controls, and any known or suspected fraud or misstatement. We have also made inquires of internal audit around internal control, fraud risk and any known or suspected frauds in year. We have not been made aware of any incidents in the period and no issues in relation to these areas have been identified during the course of our audit procedures that are outside of the usual expected investigations.
Accounting practices	We have evaluated the appropriateness of GVJB's accounting policies, accounting estimates and financial statement disclosures. No issues were identified.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work. We have not identified any cases of money laundering or fraud at GVJB.
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>An amendment was made to the Remuneration report to ensure that any relevant senior employees included in the 2021/22 financial statements also appeared as a comparator in 2022/23 in both the remuneration and pension disclosures.</p> <p>This amendment was made in the final set of the financial statements, and no inconsistencies remain from work performed.</p>

Audit of the annual report and accounts (18)









Other key elements of the financial statements (continued)

Issue	Commentary
Governance statement	<p>We are required to report on whether the information given in the Annual Governance Statement is consistent with the financial statements and prepared in accordance with the Delivering Good Governance in Local government: Framework (2016).</p> <p>Minor amendments were identified to enhance the compliance with the Framework, and these were made in the final set of financial statements. No other inconsistencies have been identified, we plan to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required by the Accounts Commission to report to you if, in our opinion: adequate accounting records have not been kept; or the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or we have not received all the information and explanations we require for our audit or there has been a failure to achieve a prescribed financial objective. We have nothing to report in respect of these matters.</p>
Written representations	<p>A standard letter of representation has been requested from GVJB as required by auditing standards.</p>
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2022). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by GVJB meets this criteria, and so we have applied the continued provision of service approach.</p> <p>In accordance with Audit Scotland guidance: Going concern in the public sector, we have therefore considered management's (senior officer's) assessment of the appropriateness of the going concern basis of accounting and conclude that:</p> <ul style="list-style-type: none"> • a material uncertainty related to going concern has not been identified • management's (senior officer's) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Audit of the annual report and accounts (19)





Other findings – Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Advance Business Solutions e5 system – general ledger	ITGC assessment (design and implementation effectiveness only)	 Green	 Green	 Green	 Green	All significant risk areas
iTrent – payroll	ITGC assessment (design and implementation effectiveness only)	 Green	 Green	 Green	 Green	N/A

GVJB utilises the IT systems operated by Moray Council.

Assessment

-  **Red** - Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  **Amber** - Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  **Green** - IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  **Grey** - Not in scope for testing

Financial Statements – key judgements and estimates (1)

As required in the Council's Accounting Policies note, officers outline critical judgements in applying accounting policies and in addition, assumptions about the future and other sources of estimation uncertainty. In particular, where estimates and judgements are identified, these should be quantified.

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

The estimate for PPE valuation has already been reported on pages 17 and 18, and the estimate for the pension asset on pages 15 and 16.

This section covers other material estimates within the financial statements.

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Orange] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Yellow] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Financial Statements – key judgements and estimates (2)

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Annual Leave Accruals £0.136 million	<p>GVJB accrues for annual leave expenditure to ensure that all expenditure due to be accrued in the financial year, not yet been taken and effectively paid, is reflected within the financial statements.</p> <p>The Board base the estimate upon the outstanding leave commitment to calculate an estimated accrual.</p>	<p>We reviewed your assessment of the estimate considering:</p> <ul style="list-style-type: none"> appropriateness of the underlying information, consistency of the estimate and the adequacy of the disclosure of the estimate. <p>Conclusion We were satisfied with the methodology for the calculation of the annual leave accrual.</p>	Green

Wider scope and best value conclusions

Wider scope audit (1)

This section of our report sets out our conclusions from our audit work on the wider scope area of financial sustainability.

Wider scope dimension	Plan risk	Wider scope audit response and findings	External Audit conclusion
<p>Financial Sustainability</p> <p>We are required to look ahead to the medium and longer term to consider whether Grampian VJB is planning effectively so that it can continue to deliver services.</p>	Significant	<p>2022/23 Plan and Outturn</p> <p>For 2022/23 the Grampian VJB proposed a total revenue budget of £4.896 million to be met by requisitions from constituent authorities of £4.749 million and approved use of reserves of £0.147 million. The actual outturn for the year was £4.402 million resulting in an underspend of £0.494 million (2021/22: £0.819 million), with expenditure of £4.402 million (2021/22: £4.114 million) and requisitions of £4.749m (2021/22: £4.842 million). Due to the underspend, the approved use of reserves was not required resulting in a total outturn for the year of £0.347 million (2021/22: £0.728 million).</p> <p>The variance was in large part due an underspend in Employee Costs due to ongoing staff vacancies (£0.301 million) and ICT Maintenance and Support Costs which are being carried into 2023/24 (£0.181 million).</p> <p>2023/24 Financial Planning and Beyond</p> <p>In January 2023, the Board approved a three-year revenue budget from 2023/24 to 2025/26. The 2023/24 budget shows total net expenditure of £5.210 million to be met by requisitions from constituent authorities of £5.034 million and approved use of reserves of £0.176 million. This is an £0.808 million (18%) increase on the 2022/23 net expenditure and a £0.285 million (6%) increase on the approved 2022/23 requisitions.</p> <p>At 31 March 2023 Grampian IJB holds £0.696m of usable reserves, £0.472 million of which is earmarked for NDR reform Implementation. This reflects an overall increase of £0.069 million compared to 2021/22.</p>	<p>Grampian VJB incurred a moderate underspend against budget of £0.494 million primarily as a result of underspend in employee costs due to vacancies.</p> <p>Staff vacancies compounded a challenging year for delivery of services in light of Barclay reforms.</p> <p>There is a risk that staffing challenges may make it difficult for Grampian VJB to achieve their planned delivery, as well introducing financial uncertainty impacting their ability to produce accurate budgets.</p> <p>We have made one recommendation overleaf.</p>

Wider scope audit (2)

This section of our report sets out our conclusions from our audit work on the wider scope area of financial sustainability.

Wider scope dimension	Plan risk	Wider scope audit response and findings	External Audit conclusion
<p>Financial Sustainability</p> <p>We are required to look ahead to the medium and longer term to consider whether Grampian VJB is planning effectively so that it can continue to deliver services.</p>	Significant	<p>2023/24 Financial Planning and Beyond (continued)</p> <p>The most significant cost to Grampian VJB constitutes employee costs which accounted for approximately 76% of total expenditure. Vacancies have been an ongoing issue for the Board for some time now, with significant underspends being reported in this area since 2020/21. There is a risk that vacancies, which are particularly prevalent in the valuation team, will make it difficult to achieve the planned delivery of services while continuing to adapt to the requirements of the Barclay Review. Staff vacancies also make it more difficult to ensure future financial planning is accurate.</p> <p>Management recognise the challenge in recruiting staff as a key risk to the organisation and future delivery. We have identified through review of the three-year revenue budget that management have budgeted a 10% increase in employee costs in 2023/24, and a 5% increase in both 2024/25 and 2025/26. Accounting for 2022/23 actuals, the 2023/24 budgeted employee costs reflects an increase of 20% year-on-year. As noted above, the Board has experience significant underspends in employee costs in recent years.</p> <p>At the Board meeting on 30th June 2023, management reported on a number of measures being explored to address vacancies and upskilling but noted that there is no “quick fix”.</p> <p>There is a risk that staff vacancies will impact on the organisations ability to deliver services in a time of ongoing reform, and that future financial planning does not accurately reflect circumstances and events faced by the organisation relating to staff vacancies.</p>	<p>Recommendation:</p> <p>Grampian VJB should review its budgeting for employee related costs in the context of ongoing vacancies and consider the need to re-baseline these to reflect performance against budget in recent years.</p> <p>A recommendations is raised at Appendix 2.</p>

Appendices

1. Audit Adjustments (1)

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements made during the course of the audit are set out in the table below, together with their impact on the Comprehensive Income and Expenditure Statement (CIES), the balance sheet, and the reported net expenditure of the Board for the year ending 31 March 2023.

Note that with any of the adjustments there is no impact upon usable reserves.

Detail	CIES £'000	Balance sheet £' 000
DR Pension reserve		10,246
CR Pension asset		(10,246)
	10,246	
DR Remeasurement of net defined liability	(10,246)	
CR MIRS		

The gross impact of the capped IAS19 asset calculation due to the IFRIC14 assessment. The impact is through the CIES but mitigated through the MIRS.

Dr Pension asset	130
Cr Pension liability	(130)

The creation of an asset and liability to separately split out the IAS19 unfunded liabilities in the balance sheet as they should be disclosed separately.

1. Audit Adjustments (2)

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of unadjusted misstatements

Our work has not identified any unadjusted misstatements.

Impact of unadjusted misstatements in the prior year

There were no unadjusted misstatements brought forward from the 2021/22 audit carried out by your predecessor auditor.

1. Audit Adjustments (3)

Misclassification and disclosure changes

The table below provides details of substantive misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements. This list of misclassification and disclosure changes reflects presentational adjustments to the financial statements which have no impact on GVJB's reported financial position.

Disclosure	Auditor recommendations	Adjusted?
Review of Annual Report and Accounts (General)	We identified a number of minor typing errors and formatting issues as part of our review of the Annual Report and Accounts. These were raised and processed by management where necessary.	Yes
Remuneration Report	The 2021/22 comparator for the senior officers' remuneration and the pension note had one officer omitted.	Yes
Auditable elements of the remuneration report	The remuneration report did not clearly identify the information which is subject to audit. The disclosure has been updated.	Yes
Annual Governance Statement (AGS)	The AGS was amended to include disclosure on the internal audit opinion, to confirm there are no significant deficiencies and to ensure the AGS is up to date to the date of the opinion.	Yes
Note 6 - Events after the balance sheet	The post balance sheet events note was updated to amend it to the date of signing	Yes
Note 14 – Short Term Creditors	Disclosure was added under the creditors note to highlight the material figure of 'other creditors'.	Yes
Note 15 - Financial Liabilities	The financial liabilities balance incorrectly included the annual leave accrual in both the 2022/23 financial year and the comparator. The 2022/23 balance reduced from £0.301 million to £0.164 million, a reduction of £0.137 million. The 2021/22 balance reduced from £0.319 million to £0.228 million, a reduction of £0.091 million.	Yes
Note 15 – Financial Instruments	The Financial Instruments note was amended to include hierarchy information, and to provide disclosure highlighting the reconciliation to the balance sheet.	Yes

1. Audit Adjustments (4)

Misclassification and disclosure changes (continued)

Disclosure	Auditor recommendations	Adjusted?
Note 23 – Defined benefit pension scheme	<p>In addition to the disclosure changing for the -£10.246 million adjustment identified for the reduction in the pension asset, Note 23 was also amended to add narrative disclosure on the IFRIC14 assessment and the asset ceiling.</p> <p>In addition, disclosure was added to note about the pension asset and related liability for the unfunded pensions of £0.13 million.</p>	Yes

2. Action plan and recommendations

Financial statements audit

We have not identified any recommendations for GVJB during our audit of the financial statements for the year ended 31 March 2023.

Wider scope

We have raised one recommendation for GVJB during our wider scope work for the year ended 31 March 2023. Please see details below.

Recommendation

Risk: There is a risk that future financial planning does not accurately reflect circumstances and events faced by the organisation relating to staff vacancies.

Recommendation: Grampian VJB should review its budgeting for employee related costs in the context of ongoing vacancies and consider the need to re-baseline these to reflect performance against budget in recent years.

Agreed management response

Response: The budget incorporates a vacancy factor and this is reviewed annually. It will be reviewed again prior to the budget for 2024/25 being set.

Responsible officer: Board Treasurer

Target date: 31 January 2024

3. Follow up of prior year recommendations

Progress against prior year audit recommendations

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

We have set out below, our follow up of the recommendations made by the predecessor auditor last year and management's progress in implementation:

Auditor assessment	Issue and risk previously communicated	Agreed management response
<p>Complete</p> <p>An assessment was provided.</p>	<p>Estimation in the valuation of land and buildings 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. We 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>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.</p>	<p>Agree to provide an explanation of the process used to review the carrying value and evidence for the conclusion reached.</p> <p>Responsible officer: Treasurer</p> <p>Agreed date: 30 April 2023</p>

4. Audit fees, ethics and independence (1)

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and GVJB that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with GVJB or investments in GVJB held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by GVJB as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and GVJB.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place with regard to non-audit services.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Group's board, senior management or staff.

4. Audit fees, ethics and independence (2)

Independence and ethics (continued)

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements

Following this consideration, we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

Fees and non-audit services

The tables below set out the total fees for audit and other services charged from the beginning of the financial year to the current date, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to GVJB. The table summarises all non-audit services which were identified.

External Audit Fee

Service	Audit Plan £	Annual Audit Report £
External Auditor Remuneration	£18,620	£20,420*
Pooled Costs	Nil	Nil
Contribution to Audit Scotland support costs	£710	£710
Sectoral Cap Adjustment	-£10,530	-£10,530
2022/23 Audit Fee	£8,800	£10,600

Fees for other services

Service	Fees £
We confirm that for 2022/23, we did not receive any fees for non-audit services	Nil

* A £1,800 fee variation has been charged due to the work required on the Pensions IFRIC 14 assessment, and the additional work on journals.

4. Audit fees, ethics and independence (3)

Independence and ethics (continued)

Financial statements

The fees do not reconcile directly to the financial statements. We have provided a reconciliation below for the £10,600 on page 38 for audit fees. The figures are in round thousands as per the disclosure in Note 15 External Audit Costs.

	£'000
Note 15 External Audit Costs	9
Additional fee for IFRIC 14 and journals	2
2022/23 Audit Fee per page 38	11

Client service

We take our client service seriously and continuously seek your feedback on our external audit service. Should you feel our service falls short of expected standards please contact Joanne Brown, Head of Public Sector Assurance Scotland in the first instance who oversees our portfolio of Audit Scotland work (joanne.e.brown@uk.gt.com). Alternatively, should you wish to raise your concerns further please contact Jon Roberts, Partner and Head of Assurance, 30 Finsbury Square, London, EC2A 1AG. If your feedback relates to audit quality and we have not successfully resolved your concerns, your concerns should be reported to John Gilchrist, Audit Scotland Quality and Appointments, Audit Scotland Quality and Appointments in accordance with the Audit Scotland audit quality complaints process.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2021](#) [grantthornton.co.uk]

5. Communication of audit matters

International Standard on Auditing ISA (UK) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance. These are set out in the table below.

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	•	•
Views about the qualitative aspects of GVJB'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.		•



REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 3 NOVEMBER 2023

SUBJECT: INTERNAL AUDIT ANNUAL REPORT 2022/23

BY: INTERNAL AUDITOR

1. REASON FOR REPORT

- 1.1 This report advises the Board of the internal audit work completed on the Assessor's Service for the financial year ended 31st March 2023, and provides an opinion on the adequacy of the control systems reviewed.

2. RECOMMENDATION

- 2.1 That the Board considers this report for 2022/23 and notes the satisfactory audit opinion derived from audit work completed.**

3. BACKGROUND

- 3.1 In terms of the Public Sector Internal Audit Standards (PSIAS) applicable to Local Government, it is good practice to develop an internal audit plan for each financial year. The plan is agreed with senior management and is presented to the Board to enable it to consider and comment on the proposed audit coverage. The planned work for 2022/23 as reported to the meeting of the Board in January has been completed and informs the internal audit opinion.
- 3.2 As the Board will be aware, the main financial systems of the Assessor's Service 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 Service. There remains a need, however, to test transactions specific to the Assessor's Service annually to provide the Treasurer with an opinion on the adequacy and effectiveness of the internal control systems and procedures. This work includes confirming the administrative processes for reporting revisions to the council tax and non-domestic rating lists by the Assessor to the constituent Authorities.
- 3.3 All planned audit coverage detailed within the report to the Board on the 27 January 2023 has been undertaken. Audit testing reviewed budget setting and monitoring, payroll costs which utilise a major element of the budget, non payroll expenditure covering issues including office rentals and ICT costs, and assessment of income received. No issues were noted from this testing.

- 3.4 A report by the Assessor and ERO to the Board on 27 January 2023 agreed to a change in the Scheme of Delegation and the Code of Corporate Governance to allow the Internal Auditor to report independently from the Treasurer. This is in accordance with the Public Sector Internal Audit Standards which requires the Internal Auditor to report in their own name. This is fundamentally a point of independence and will provide greater assurance to the Board that the opinion of the Internal Auditor is independent of management.
- 3.5 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. I am pleased to report the Risk Register is subject to ongoing review by the Assessor and his Senior Management Team. The latest version was prepared in May 2023 and reported to the Board on the 30 June 2023.
- 3.6 The audit opinion informs the Annual Governance Statement which is certified by the Board's Convener and the Assessor and is published within the Board's annual accounts.
- 3.7 The audit was carried out in accordance with Public Sector Internal Audit Standards (PSIAS).

4. CONSULTATIONS

- 4.1 The Depute Assessor and ERO (Aberdeen and Moray) has been consulted during the audit review process.

5. CONCLUSION

- 5.1 The Audit & Risk Manager is of the opinion, based on audit work completed, that reasonable assurance can be placed on the adequacy of and effectiveness of the system of internal financial control established within the Assessor's Service.**

Author of Report: Dafydd Lewis, Audit and Risk Manager
Background Papers: Internal Audit files
Ref: DL/GVJB/010923



REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 3 NOVEMBER 2023

SUBJECT: AUDITED ANNUAL ACCOUNTS FOR YEAR ENDING 31 MARCH 2023

BY: TREASURER TO THE BOARD

1. REASON FOR REPORT

1.1 To submit the audited Annual Accounts for the financial year ending 31 March 2023 to the Board for consideration and approval.

2 RECOMMENDATION

2.1 It is recommended that the Board:

(a) approves that the Annual Accounts are signed, having regard to the Annual Report from the External Auditor considered earlier at this meeting;

(b) notes the variance of £347,000 for 2022/23; and

(c) if the Annual Accounts are approved for signing, agrees that £278,000 is returned to constituent authorities leaving a balance on the General Fund of £224,000, and an earmarked reserve for Non Domestic Rates Reform of £472,000.

(d) approves the Letter of Representation

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 Board meets to consider and approve for

signature the audited Annual Accounts and, following the signing of the Annual Accounts, provides appropriately signed statements to the External Auditor, Grant Thornton.

- 3.3 A copy of the audited Annual Accounts for 2022/23 are appended to this report as **APPENDIX 1**. There have been presentational amendments in the accounts which do not affect the amount which falls due to be returned to the constituent authorities. An adjustment was made to the value of the pension asset following an additional assessment made by the Pension Fund actuaries, after the unaudited accounts had been prepared. This unusual situation was caused by increased interest rates and also due to an increase in the expectations of the future level of return on investments held by the North East Scotland Pension Fund. However, under International Financial Reporting Standards (IFRS), the Board is limited as to how much of a surplus can be recognised as an asset. The Board engaged with its actuaries to apply the asset ceiling test to determine the level of asset to be recognised. The revised figures are incorporated in the audited accounts. This adjustment impacted the Comprehensive Income and Expenditure Statement (CIES) and Movement in Reserves Statement (MIRS) by decreasing the remeasurement of the net defined liability from £11,159,000 to £913,000 and to decrease the net asset position and pension reserve from £10,246,000 to £nil.
- 3.4 The Auditor's draft Report to the Board and the Controller of Audit is the subject of a separate report to this meeting. The report confirms that there are no unadjusted misstatements in the accounts to report to those charged with governance. The Independent Auditor's report gives an unqualified opinion, which means that the financial statements give a true and fair view of the Board's financial position for 2022/23.
- 3.5 With a total underspend of £494,000, there was no requirement to utilise the budgeted £147,000 from reserves thus giving an overall surplus of £347,000. Of this total, £64,000 was transferred to the NDR Reserve for future commitments, while £5,000 was transferred out of the General Fund Reserve to bring the balance back to the maximum permitted under the Board's Reserves Policy. The remaining balance of £278,000 is available to return to the constituent authorities.
- 3.6 The surplus to be returned to the constituent authorities is in proportion to the percentage of requisitions for 2022/23 and is as follows:

2022/23 Proposed Surplus Refund to Authorities		
	%	£
Aberdeen City Council	38.78	107,796
Aberdeenshire Council	44.79	124,508
Moray Council	16.44	45,696
Total	100.00	278,000

4 LETTER OF REPRESENTATION

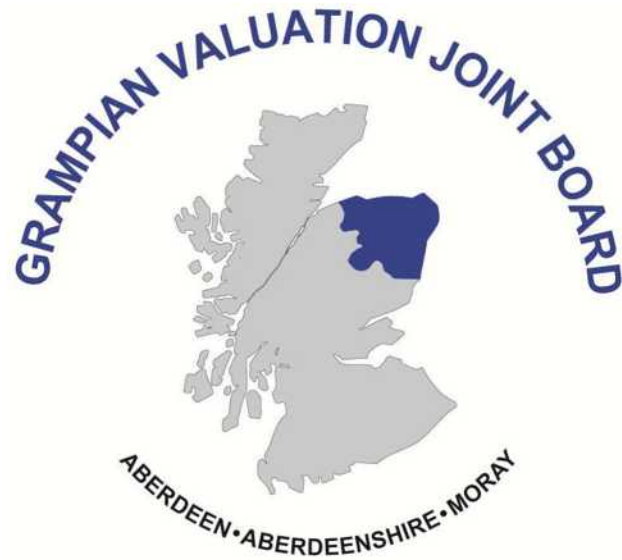
- 4.1 As part of the completion of the audit, the auditors seek written representations from the Board on aspects of the annual accounts, including the judgements and estimates made. A copy of the Letter of Representation is appended to this report as **APPENDIX 2**.

5 CONCLUSION

- 5.1 The Board generated a surplus of £347,000 in 2022/23. If the Annual Accounts are approved, £278,000 will be returned to constituent authorities leaving a balance on the General Fund of £224,000 and the earmarked NDR Reform Reserve of £472,000.

Author of Report:	Susan Alexander, Accountant
Background papers:	Held within Accountancy Section, Moray Council
Date:	27 October 2023

AUDITED ACCOUNTS



**GRAMPIAN
VALUATION
JOINT BOARD**

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

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اگر آپ کو مورے کونسل سے کسی دیگر زبان یا صورت میں معلومات درکار ہوں مثلاً "بریلے، آڈیو ٹیپ یا بڑے حروف، تو مہربانی فرما کر رابطہ فرمائیں:



Treasurer to the Board, Financial Services, High Street, Elgin, IV30 1BX



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accountancy.support@moray.gov.uk

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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	425	29.7	278	19.4	727	50.8	1,430
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.
- Due to the underspend no use of reserves was required.

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 £1.3m (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

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](https://www.parliament.uk)

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. It is the opinion of the Audit and Risk Manager that reasonable assurance can be placed on the Board's internal financial control systems for the year ended 31 March 2023.

• 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;

ANNUAL GOVERNANCE STATEMENT (continued)

- Continue to manage the resourcing required to ensure that this organisation meets all statutory commitments;

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)

Despite the key challenges noted above, no significant governance issues have been identified.

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. During the financial year to 31 March 2023 and to the date of signing, no significant control weaknesses or issues have arisen and no significant failures have been identified in the expected standards for good governance, risk management and control.

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) - audited

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) - audited

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) - audited

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
Ian Milton Assessor & ERO (left 31/5/21)	19,346			
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	289,080	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) - audited

	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) - audited

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
Ian Milton			Pension	0	(61,498)
Assessor & ERO	3,703	0	Lump Sum	0	(106,666)
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	50,598	58,673		382,288	(127,795)

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) - audited

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			£000	£000	£000
Expenditure	Income	Net		Note	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 on Provision of Services	8			396
		49	Remeasurement of the Net Defined Benefit Liability	23			(913)
		49	Other Comprehensive (Income) and Expenditure				(913)
		234	Total Comprehensive (Income) and Expenditure				(517)

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.

2022/23	General Fund £000	Total Usable Reserves £000	Unusable Reserves (Note 16) £000	Total Board Reserves £000
Balance at 31 March 2022	627	627	137	764
Total Comprehensive Income and Expenditure	(396)	(396)	913	517
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	448	517
Balance at 31 March 2023	696	696	585	1,281
2021/22	General Fund £000	Total Usable Reserves £000	Unusable Reserves (Note 16) £000	Total Board Reserves £000
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

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
-	Funded Pension Asset	130
730	Long Term Assets	826
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)	Pension Liability	(130)
(503)	Long Term Liabilities	(130)
764	Net Assets	1,281
	Usable reserves	
627	General Fund	696
627	Total	696
	Unusable Reserves	
247	Revaluation Reserve	242
482	Capital Adjustment Account	453
(503)	Pensions Reserve	-
(89)	Employee Statutory Adjustment Account	(110)
137	Total	585
764	Total Reserves	1,281

The notes on Pages 33 to 58 form part of the Financial Statements.

The unaudited Annual Accounts were issued on 30 June 2023 and the audited Annual Accounts were authorised for issue on 3 November 2023 by Lorraine Paisey, Treasurer. Any events that would affect the Balance Sheet at 31 March 2023 have been considered up to this date.

Lorraine Paisey CA
Treasurer

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 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. Interest is received from Moray Council on the balance held.

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 £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. In between valuations, a review is conducted to ensure carrying value does not differ from 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 (£0.130m)	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 pension liability of changes in individual assumptions can be measured and are detailed in Note 23.
Pension Assets (£0.130m)	Estimation of the expected return on Pension Assets.	Part of the pension fund is invested in Level 3 Investments. The nature of these investments means there is a greater risk and more uncertainty over their valuation. There may be an impact on net pension scheme liabilities depending on the stock market.

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, Aberdeen City Council, Aberdeenshire Council, and Moray Council 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 and the audited Annual Accounts were authorised for issue on 3 November 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 2023				31 March 2022			
Net Expenditure chargeable to General Fund £000	Adjustments between Funding and Accounting Basis £000	Adjustments to usable reserves permitted by accounting standards	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	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
4,435	454	5	4,894	4,122	433	5	4,560
4,435	454	5	4,894	4,122	433	5	4,560
(4,504)	6	-	(4,498)	(4,371)	(4)	-	(4,375)
(69)	460	5	396	(249)	429	5	185
(627)				(378)			
(69)				(249)			
(696)				(627)			

Note 7 (continued)**Adjustments between the Funding and Accounting Basis**

				2022/23
	Adjustment for Capital Purposes £000	Net Change for pensions adjustments £000	Other Differences £000	Total £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 Deficit	29	410	21	460
				2021/22
	Adjustment for Capital Purposes £000	Net Change for pensions adjustments £000	Other Differences £000	Total £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

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	2022/23
	£000	£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)
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)
	(12)	(27)

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.

Note 11 (continued)

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.

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

Note 11 (continued)

Surveyors. Valuations of vehicles, plant, furniture and equipment are based on depreciated historic cost as a proxy for current values.

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000
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	14	20	34
at 31 March 2023	72	283	355
Net Book Value			
at 31 March 2022	638	92	730
at 31 March 2023	624	72	696
Cost or valuation			
At 1 April 2021	696	339	1,035
Additions	-	16	16
At 31 March 2022	696	355	1051
Accumulated Depreciation and Impairment			
At 1 April 2021	43	244	287
Depreciation charge	15	19	34
at 31 March 2022	58	263	321
Net Book Value			
at 31 March 2021	653	95	748
at 31 March 2022	638	92	730

Note 12 Short Term Debtors

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

Note 13 Cash and Cash Equivalents

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

Note 14 Short Term Creditors

	2021/22 £000	2022/23 £000
Trade Payables	228	164
Other Payables ^	705	541
Total	<u>933</u>	<u>705</u>

^ Other Payables

Central Government Bodies	61	70
Short Term Employee Absences	114	136
Other Local Authorities	530	335
Other Payables	<u>705</u>	<u>541</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.

Note 15 (continued)

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.

Fair Value

For all categories of financial assets and liabilities held by the Board, there was no difference between the carrying value and the fair value at the Balance Sheet date and all are in Level 2 of the fair value hierarchy.

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	228	164
Trade Payables	228	164
Other Payables	705	541
Total	<u>933</u>	<u>705</u>
Tax Creditors included above	(111)	(127)
Requisition Creditors included above	(479)	(278)
Short Term Employee Absences included above	(115)	(136)
Total Financial Liabilities Current Creditors	<u>228</u>	<u>164</u>

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
	£000	£000
Usable Reserves		
General Fund	219	224
Earmarked NDR Reform Reserve	408	472
	627	696

Note 17 Unusable Reserves

	2021/22	2022/23
	£000	£000
Revaluation Reserve	247	242
Capital Adjustment Account	482	453
Pension Reserve	(503)	-
Employee Statutory Adjustment Account	(89)	(110)
	137	585

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

Note 17 (continued)

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)

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	2022/23
	£000	£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)	913
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)	0

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 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).

Note 21 (continued)

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

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

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 £000	2022/23 £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 pension 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	2022/23
	£000	£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)
Effect of Asset Ceiling	0	10,246
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement.	49	(913)
 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 funded defined benefit obligation	(40,916)	(28,035)
Present value of the unfunded defined benefit obligation	(187)	(130)
Total present value of the defined benefit obligation	(41,103)	(28,165)
Fair value of plan assets	40,600	38,411
IFRIC 14 Asset Ceiling Adjustment	-	(10,246)
Net liability arising from defined benefit obligation	(503)	-

The Board has applied the asset ceiling test as prescribed by IFRIC 14 which limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.' The pension asset can be recognised as the lower of the net pension asset or the present value of any economic benefits available. The Board's actuaries undertook this assessment and the asset value in the accounts has reduced as the present value of the benefits available were lower than the pension asset. The net position arising from the defined benefit obligation is £nil as the funded pension asset of £0.130m is equal to the unfunded pension liability of £0.130m.

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 loss	(80)	(2,255)
Gain on financial assumptions	0	15,496
Gain 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:

	31 March 2022			31 March 2023		
	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Totals £000	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Totals £000
U.K. Equities	8,741	-	8,741	9,426	-	9,426
Overseas Equities	15,603	-	15,603	11,981	-	11,981
U.K Government Bonds	3,329	-	3,329	2,466	-	2,466
Other Government Bonds	-	-	-	-	-	-
Other U.K. Bonds	-	-	-	-	-	-
Other non U.K. Bonds	-	-	-	-	-	-
Property	-	2,647	2,647	-	2,512	2,512
Private Equity	-	2,513	2,513	-	2,685	2,685
Private Debt	-	958	958	-	1,091	1,091
Private Equity Infrastructure	-	747	747	-	2,036	2,036
Infrastructure Pooled fund	702	-	702	818	-	818
Private Equity Real Estate	-	512	512	-	672	672
Multi Asset Credit	-	3,650	3,650	-	3,230	3,230
Diversified Growth Funds	-	-	-	-	-	-
Cash Instruments	-	1,198	1,198	-	1,494	1,494
Total Assets	28,375	12,225	40,600	24,691	13,720	38,411

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

Note 23 (continued)

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 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.

Independent auditor's report to the members of Grampian Valuation Joint Board and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Grampian Valuation Joint Board for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the body as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Treasurer and Grampian Valuation Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities for the Annual Accounts, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

The Grampian Valuation Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to

detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the body;
- inquiring of the Treasurer and Board as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Treasurer and Board concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

We have audited the parts of the Remuneration Report described as audited. In our opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities for the Annual Accounts and the unaudited part of the Remuneration Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Angela Pieri, (for and on behalf of Grant Thornton UK LLP),
110 Queen Street
Glasgow
G1 3BX

Date.....



Woodhill House, Westburn Road, Aberdeen, AB16 5GE
Email: assessor@grampian-vjb.gov.uk
Tel: 01224 068400

Angela Pieri
Director
Grant Thornton UK LLP
110 Queen Street
Glasgow
G1 3BX

Dear Grant Thornton UK LLP

Grampian Valuation Joint Board Financial Statements for the year ended 31 March 2023

This representation letter is provided in connection with the audit of the financial statements of Grampian Valuation Joint Board for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the body and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The body has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered where relevant any adjusted misstatements, and misclassification and disclosures changes schedules included in your Auditor's Annual Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. We have updated our going concern assessment. We continue to believe that the financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :
 - a. the nature of the body means that, notwithstanding any intention to cease body in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the body's ability to continue as a going concern need to be made in the financial statements

- xiv. The body has complied with all aspects of ring-fenced grants that could have a material effect on the financial statements in the event of non-compliance.

Information Provided

- xv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the body via remote arrangements, from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.

- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the body, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. We have disclosed to you the identity of the related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxiv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the body's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Management Commentary

- xxv. The disclosures within the Management commentary fairly reflect our understanding of the financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Grampian Valuation Joint Board at its meeting on 3 November 2023.

Yours faithfully

Signature

Name... Lorraine Paisey

Position... Treasurer

Date.....

Signed on behalf of Grampian Valuation Joint Board



REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 3 NOVEMBER 2023

SUBJECT: REVENUE BUDGET MONITORING STATEMENT FOR THE PERIOD 1 APRIL TO 30 SEPTEMBER 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 30 September 2023.
- 1.2 To consider the Estimated Outturn position for the year 2023/24.

2. RECOMMENDATION

2.1 It is recommended that the Board considers and notes:

(i) The Revenue Monitoring Statement for the period 1 April 2023 to 30 September 2023 and

(ii) The estimated outturn forecast for the year 2023/24.

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 Electoral reform reserve and £163,000 being funded from the earmarked Non-Domestic Rates (NDR) reserve.
- 3.2 **Appendix 1** shows the monitoring position to 30 September 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. It also shows the estimated outturn and the estimated variance for the year. Alongside, the variance is further split into the core and NDR reform budgets.

- 3.3 Total net expenditure at 30 September 2023 is £2,198,000 which is an underspend against budget to date of £402,000.
- 3.4 There are currently 14 vacancies and recruitment is actively being carried out.

4. YEAR TO DATE VARIANCES

Core Budget

- 4.1 Appendix 1 shows the actual to budget variances to 30 September 2023, and also how this variance is split between core budget and NDR reform budget. This section will first look at the core budget variances which has an underspend to date of £311,000
- 4.2 There is £289,000 underspend against budget to date within employee costs for core staff. The variance arises from vacant posts mentioned above in paragraph 3.4 and a pay award for 2023/24 which has been budgeted at 5% but not yet paid.
- 4.3 There is an underspend on property costs of £17,000. This is mainly due to less being spent on repairs than had been anticipated had the move in Woodhill House taken place and a reduction in rates costs.
- 4.4 There is a small overspend of £2,000 within Transport Costs budgets.
- 4.5 Budgets within Supplies and Services are over by £29,000 with the main variance in Postages and ICT Maintenance; and overspend of £62,000 in Postages and an underspend of £33k in ICT Maintenance. This is not causing concern at this early stage of the year.
- 4.6 Support charges are processed at 31 March as part of the year end closedown.
- 4.7 An additional grant was received of £38,909 as part of the Electoral Integrity Programme New Burdens Funding. The purpose of the grant is to cover costs associated with Electoral Registration Officers. Specifically, it covers initial upfront Grant funding for online absent vote applications, postal and proxy voting requirements and overseas electors, and cost areas associated with staff processing, training and voting costs.
- 4.8 There are no other significant variances to report at this early stage in the year.

NDR Reform

- 4.9 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.
- 4.10 Of the NDR budget £394,000 is for staffing. Currently two Valuer posts and a Clerical Officer position remain vacant.

- 4.11 The remainder of the NDR budget is in Supplies & Services for ICT, subscriptions etc., but there has been no spend to date on these areas so far.
- 4.12 Any committed and unspent NDR Reform budget has been put to the earmarked reserve to be used to cover costs in future years. The NDR Reform Reserve balance currently sits at £472,000, and £163,000 of this has been included in the funding of 2023/24 expenditure. The Board will be kept up to date on the NDR Reform expenditure, and the requirement to utilise the reserve.

5. ESTIMATED OUTTURN 2023/24

- 5.1 Appendix 2 shows the estimated outturn and variances split between the core and the NDR Reform budgets.
- 5.2 The revenue budget is currently expected to be underspent by the year end and at this halfway point in the year the estimated variance is an underspend of £669,000; £488,000 of core budget and £181,000 of NDR budget.
- 5.3 A substantial variance is due to ongoing vacancies within core and NDR budgets. The estimated outturn figures are based on the current establishment at the time of preparing this report rather than forecast filling any of the vacant posts, due to recruitment difficulties already mentioned. Managing the service with the current level of vacancies means that overtime may be required and a best estimate has been included in the estimated outturn figure.
- 5.4 A pay award for 2023/24 has been included in the budget at a 5% flat rate across all posts. As no pay offer has yet been agreed between Cosla and the Scottish Government this has not been included in the forecast employee costs in the appendices.
- 5.5 Property costs are estimating to be over budget by £13,000 this year. This is mainly because the move to new office space in Woodhill House still has not happened and the 2023/24 budget had been prepared on the basis that the move would have taken place by now. The delay is due to commitments from other parties involved in the move within Woodhill House to be confirmed but this is expected by the end of the year, so there should be further progress on this in Q4 of 2023/24. The relocation will create budget savings when settled. The Banff office has recently moved its contracts for gas and electricity to come under the Moray Council contracts and this should help control costs going forward.
- 5.6 Staff transport costs are forecast to be slightly over budget by £5,000 in total.
- 5.7 Supplies and services are forecast to be under budget by £4,000 in total. The IT maintenance and support budget this year includes 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. This budget has been carried forward from last year as the move is still to fully take place.

An underspend has been forecast in ICT maintenance and support for both Core and NDR budgets as hardware costs had been forecast for new employees but as mentioned in previous sections of this report recruitment still proves to be challenging so costs of this nature have not and are not expected to be incurred. Reference books are forecast to be over budget by £4,000, this includes Armour for valuation for rating and the BCIS subscriptions along with Register of Scotland and Westlaw costs. Postage & ER Printing costs are forecast to be over budget by £32,000 due to price increases. Forecast variances in supplies and services have been identified in the Appendix.

- 5.8 Income from sales of electoral registers occur in the second half of the year, when the register has been published. The outturn has been estimated at budget level.
- 5.9 Of the £415,000 NDR Reform budget this year, £163,000 was budgeted to be funded from the earmarked reserve with £268,000 requisitioned from authorities. From the estimated outturn figures, it looks as if the reserve won't be needed this year, and the projected underspend would also go to the earmarked reserve, bringing the balance to £490,000.
- 5.10 It is not expected that use of the General Fund will be needed in 2023/24.

New Burdens Funding

- 5.11 In 2022/23, all Electoral Registration Officers and Returning Officers were advised by letter of New Burdens funding being provided 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.
- 5.12 The funding will provide local authorities and Valuation Joint Boards the resources to deliver the changes required to cover additional staff, training and equipment costs. £13,000 was received in 2022/23 and a further £14,000 in 2023/24 specifically for this. £13,000 has been carried forward into 2023/24.
- 5.13 As mentioned in para 4.7, £38,909 has also been received in 2023/24 towards expenditure incurred through the implementation of the Elections Act 2022.

6. CONCLUSION

- 6.1 The total net expenditure as at 30 September 2023 is £2,198,000 giving an underspend against budget to date of £402,000; £311,000 in core budgets and £91,000 in NDR Reform budgets.
- 6.2 The estimated outturn is an underspend of £669,000. Of this, £488,000 is a variance from the core budget which would be returned to authorities, and £181,000 from the NDR Reform budget, with £18,000 requisitioned from the authorities going to the NDR Reform earmarked reserve.

- 6.3 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.
- 6.4 The next revenue monitoring and estimated outturn statement will be reported at the Board meeting in January 2024.

Author of Report: Susan Alexander, Accountant.
Background papers: Held within Accountancy Section, Moray Council
Date: 25 October 2023

**GRAMPIAN VALUATION JOINT BOARD REVENUE MONITORING STATEMENT
FOR PERIOD 1 APRIL TO 30 SEPTEMBER 2023**

Line No.	Total Budget 2023/24 £'000	Budget to Date 2023/24 £'000	Actual 30-Sep-23 £'000	Variance 30-Sep-23 £'000	
<u>Employee Costs</u>					
1	Salaries	3,038	1,519	1,243	276
2	National Insurance	319	160	128	32
3	Superannuation	584	292	242	50
4	Additional Pensions	24	12	12	-
5	Other Employee Costs	7	6	3	3
6	Training	33	8	Item 7. 6	2
	Total Employee Costs	4,005	1,997	1,634	363
<u>Property Costs</u>					
7	Accommodation Charges	299	197	188	9
8	Repairs and Maintenance	23	11	1	10
9	Energy Costs	15	7	9	(2)
10	Cleaning	4	2	2	-
	Total Property Costs	341	217	200	17
<u>Transport Costs</u>					
11	Staff Travel and Subsistence	45	23	24	(1)
	Total Transport Costs	45	23	24	(1)
<u>Supplies & Services</u>					
12	Equipment, Furniture & Materials	9	5	6	(1)
13	PPE	1	1	-	1
14	Reference Books	9	8	14	(6)
15	Printing & Stationery	18	9	2	7
16	Postages & ER Printing	330	165	227	(62)
17	Telephones	7	3	4	(1)
18	Advertising	1	1	1	-
19	IT Maintenance & Support	338	169	127	42
20	Valuation Appeals	30	-	-	-
21	Members' Allowances	4	-	-	-
22	Fees, Charges & Subs	8	4	1	3
23	Specialist Services	29	14	10	4
24	Conference Fees & Subsistence	2	-	-	-
25	Other Supplies & Services	4	2	2	-
	Total Supplies & Services	790	381	394	(13)
<u>Support Services</u>					
26	Lead Authority Charge	62	-	-	-
	Total Support Services	62	-	-	-
	Gross Expenditure	5,243	2,618	2,252	366
<u>Income</u>					
27	Sales and Other Income	(15)	(4)	(1)	(3)
28	Government Grant	(14)	(14)	(53)	39
29	Interest on Revenue balances	(4)	-	-	-
	Total Income	(33)	(18)	(54)	36
30	Net Expenditure	5,210	2,600	2,198	402
<u>Funded from Reserves</u>					
31	NDR Reform	(163)	-	-	-
32	Electoral Reform	(13)	-	-	-
	Total Funded from Reserves	(176)	-	-	-
33	Requisitions	(5,034)	(2,518)	(2,518)	-
33	(Surplus)/Deficit for Year	-	82	(320)	402

**GRAMPIAN VALUATION JOINT BOARD BUDGET
FOR PERIOD 1 APRIL TO 30 SEPTEMBER 2023**

Line No.	Total Budget 2023/24	Budget 2023/24
	£'000	£'000
<u>Employee Costs</u>		
1 Salaries	3,038	2,738
2 National Insurance	319	290
3 Superannuation	584	526
4 Additional Pensions	24	24
5 Other Employee Costs	7	7
6 Training	33	26
Total Employee Costs	4,005	3,611
<u>Property Costs</u>		
7 Accommodation Charges	299	299
8 Repairs and Maintenance	23	23
9 Energy Costs	15	15
10 Cleaning	4	4
Total Property Costs	341	341
<u>Transport Costs</u>		
11 Staff Travel and Subsistence	45	40
Total Transport Costs	45	40
<u>Supplies & Services</u>		
12 Equipment, Furniture & Materials	9	8
13 PPE	1	1
14 Reference Books	9	9
15 Printing & Stationery	18	18
16 Postages & ER Printing	330	330
17 Telephones	7	7
18 Advertising	1	1
19 IT Maintenance & Support	338	320
20 Valuation Appeals	30	30
21 Members' Allowances	4	4
22 Fees, Charges & Subs	8	4
23 Specialist Services	29	20
24 Conference Fees & Subsistence	2	2
25 Other Supplies & Services	4	4
Total Supplies & Services	790	758
<u>Support Services</u>		
25 Lead Authority Charge	62	62
Total Support Services	62	62

Gross Expenditure	5,243	4,812
<u>Income</u>		
26 Sales and Other Income	(15)	(15)
27 Government Grant and recharges	(14)	(14)
28 Interest on Revenue balances	(4)	(4)
Total Income	(33)	(15)
29 Net Expenditure	5,210	4,797
30 Funded from Reserves		
31 NDR Reform	(163)	0
32 Electoral Reform	(13)	(13)
32 Requisitions	(5,034)	(4,766)
33 (Surplus)/Deficit for Year	0	18

Core Budget			NDR Reform E	
Actual 30-Sep-23	Estimated Outturn 2023/24	Estimated Variance 2023/24	Budget 2023/24	Actual 30-Sep-23
£'000	£'000	£'000	£'000	£'000
1,149	2,388	350	300	94
119	250	40	29	9
224	447	79	58	18
12	24	-	-	-
3	7	-	-	-
6	10	16	7	-
1,513	3,126	485	394	121
188	325	(26)	-	-
1	6	17	-	-
9	19	(4)	-	-
2	4	-	-	-
200	354	(13)	-	-
22	46	(6)	5	2
22	46	(6)	5	2
6	7	1	1	-
-	1	-	-	-
14	13	(4)	-	-
2	16	2	-	-
227	362	(32)	-	-
4	8	(1)	-	-
1	1	-	-	-
127	300	20	18	-
-	30	-	-	-
-	4	-	-	-
1	4	-	4	-
10	20	-	9	-
-	2	-	-	-
2	4	-	-	-
394	772	(14)	32	-
-	65	(3)	-	-
-	65	(3)	-	-

2,129	4,363	449
(1)	(15)	0
(53)	(53)	39
0	(4)	0
(54)	(72)	39
2,075	4,291	488
0	0	0
0	(13)	0
(2,384)	(4,766)	0
	0	
(309)	(488)	488

431	123
0	0
0	0
0	0
0	0
431	123
(163)	0
(268)	(134)
0	(11)

APPENDIX 2

Budget	
Estimated Outturn 2023/24	Estimated Variance 2023/24
£'000	£'000
177	123
19	10
34	24
	-
	-
2	5
232	162
-	-
-	-
-	-
-	-
4	1
4	1
1	-
-	-
-	-
-	-
-	-
2	16
-	-
2	2
9	-
-	-
14	18
-	-
-	-

	250	181
	0	0
	0	0
	0	0
	0	0
	250	181
	0	(163)
	(268)	0
	(18)	18



REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 3 NOVEMBER 2023

SUBJECT: FINANCIAL PLANNING FOR 2024/25 AND FUTURE YEARS

BY: TREASURER TO THE BOARD

1. REASON FOR REPORT

1.1 To consider the indicative budgets that will form the three year Revenue Budget from 2024/25 onwards, and to discuss the operational issues facing the Assessor & Electoral Registration Officer (ERO) in the medium to long term.

2. RECOMMENDATIONS

2.1 It is recommended that the Board considers and notes:

- (i) Current indicative three year core budget from 2024/25 and that this will be further adjusted during the preparation of the Revenue Budget for 2024/25;**
- (ii) Various scenarios which could impact on the revenue budget and the range of potential assumptions and risks;**
- (iii) Operational issues facing the service; and**
- (iv) Actions to be taken ahead of the budget setting meeting in January 2024.**

3. BACKGROUND

3.1 The main issues for the Assessor's service to be addressed in setting the budget are:

- Financial uncertainty in key areas, particularly salaries and accommodation
- Level of staff turnover/challenges in recruiting and retaining staff
- Implementation of Non-Domestic Rates (NDR) reform
- Implementation of changes brought in by Elections Act

- 3.2 At the Board meeting on 27 January 2023, the Board agreed the Revenue Budget for 2023/24 (paragraph 4 of the Minute refers) of £5,210,000 and approved the requisitions to constituent authorities of £5,034,000, with £13,000 being funded from the Electoral reform reserve and £163,000 being funded from the earmarked NDR reserve. An indicative budget for the following two years was also presented. It is proposed that this is the starting point for the budget process ahead of the meeting to approve the budget in January 2024.

4. CURRENT POSITION

- 4.1 The Revenue Monitoring report to 30 September 2023, a separate report to this Board meeting, discusses the reasons for variances that are having an effect on the service. There is a high level of uncertainty regarding key variables in the budget, including staff pay award, accommodation plans, and these issues will be considered and built into financial planning over the coming months. They are discussed in more detail below.
- 4.2 **Appendix 1** shows the current indicative core budget for each of the three years ahead. Funding to cover the cost of implementing NDR Reform is included within the local government settlement, and these have been shown in **Appendix 1**, alongside the core budget, to distinguish between movements in the current core budget.

5. BUDGET PROPOSALS 2024/25

Salaries and Recruitment

- 5.1 Salaries and employers' on-costs make up approximately 76% of the net expenditure budget of the service. The service is reliant on recruiting and retaining professional staff in order to carry out its statutory functions. However, it has regularly been reported in the budget monitoring reports to the Board that the recruitment of staff is a difficulty for the service, and is believed to be a common problem in both the public and private sector.
- 5.2 The budget for 2024/25 includes a recruitment and vacancy adjustment in the budget, to incorporate an average level of vacancies and the interval that arises between filling posts. There is a risk associated with this concept, however, as the service aims to have a full staffing complement.
- 5.3 An estimated pay award of 5% for 2023/24 has been built-in to the starting point for the 2024/25 staffing budget.
- 5.4 The year on year impact of a range of possible pay awards is shown in the table below. These figures are for all establishment core posts only, excluding the NDR posts, as these would be funded from the earmarked reserve. The figures used include employers on-costs (National Insurance and Superannuation), take account of any salary increments due and are before any vacancy factor has been deducted. Per the table, a 2% pay award has an impact of around £91,000-£112,000 in salary costs in each of the next three

years, a 5% pay award increases the budgeted staff costs between £227,000 and £233,000, and a 7% pay award ranges from £314,000 to £332,000 increase per annum. The mid-point assumption of 5% has been included in the indicative budget presented in **Appendix 1**.

Scenario	Impact on 2024/25 budget £000	Impact on 2025/26 budget £000	Impact on 2026/27 budget £000
2% pay award	112	97	91
5% pay award	233	227	230
7% pay award	314	318	332

- 5.5 A vacancy factor has been applied to the Valuation Board's staffing budget over recent years as it takes into account the variances caused by factors such as short and long term vacancies, and employing staff on lower salary scale points than are budgeted for. The level of vacancy factor is considered each year when planning the budget to take into account the current staffing situation, vacancies etc. as well as likelihood of successful recruitment.
- 5.6 In 2023/24 a 10% vacancy factor on all core posts was agreed as appropriate and was the equivalent of reducing the budget by £302,000. At the time of writing this report the current level of core vacancies, by gross budget, is 18%.
- 5.7 As reported in the revenue monitoring report to this meeting, there are currently 14 vacancies. Recruitment is ongoing for various levels of post and the difficulties experienced in recruiting at qualified Valuer level is being addressed. One path that has been explored to fill the vacancies is where Technicians can transfer to Valuer position via a Royal Institute of Chartered Surveyors (RICS) accredited course at Napier University which is fully funded on an apprenticeship scheme at no cost to both the employer and employee. Currently one member of staff has taken this up from September this year and at least one other is likely to do so next year. Given this, it is proposed to maintain the vacancy factor at 10%; the equivalent of £318,000 of the 2024/25 gross staffing budget. The vacancy factor is included in the proposed budgets in the appendix.

Accommodation

- 5.8 Mentioned in the budget monitoring report to this Board, the move to a new office suite within Woodhill House has been delayed and reconfiguration works are yet to commence at the time of writing this report. The 2023/24 budget had included part year savings for the new office accommodation, in anticipation of the move taking place in 2023/24. At the time of writing, no update has been received from Aberdeenshire Council on the expected date a move would take place but it is anticipated there should be progress on this in the next few months and so a full year savings of £46,000 have been forecast from 2024/25. The proposed terms are higher than had been initially been advised during 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. The proposed costs are shown in the table below.

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

IT and procurement

5.9 The Assessor has been working with Aberdeenshire Council on a Service Level Agreement where Aberdeenshire provide ongoing IT support services to the Valuation Board. The vacant IT Manager post was removed from the establishment in 2022/23 as a result of the change. They have moved to a shared IT service using, where possible, existing Aberdeenshire infrastructure and initial costings provided to the board for start-up costs was around £45,750 of which around £35,000 has still to be incurred.

5.10 There is still some work to be carried out to establish what other costs would have to be paid for by the board, e.g. specialised software licensing and support and other IT budget savings are currently being explored. It is hoped that this development will progress before the end of the financial year, and the preliminary costs have been built into the 2023/24 budget going forward. The financial implications are shown in the table below. Until the network and infrastructure are moved wholly over to Aberdeenshire, the Assessor will need to keep paying most of the costs.

	2023/24 £000
System Costs (annual cost)	80,000
Start-up Costs (one off cost)	35,000

5.11 If all goes to plan, potential savings within ICT will then be realised. These figures are therefore reflected in the 2024/25 budget in the Appendix, as a reduction in the budget of £150,000.

Other Costs and Savings

5.12 Staff travel costs arise from staff travelling to site inspections. The proposed budget is unchanged from 2023/24.

5.13 The service has a minimal budget for furniture and equipment. There may be the requirement to replace furniture in the relocated offices in Woodhill House, which is not currently budgeted for.

- 5.14 Printing and Stationery budgets were reduced in 2023/24 and generating a saving of £16,000 and it is proposed to keep the budget at this level going forward.
- 5.15 Postages and Electoral Registration Printing budgets have been increased by 20% in 2024/25 due to expected price increases.
- 5.16 Although some of the functions of the Valuations Appeals Committee (VAC) have moved over to the Scottish Courts and Tribunals Service the £30,000 remains a budget for VAC costs e.g. Counsel and solicitor fees will still be required.

New Burdens Funding

- 5.17 As discussed in the revenue monitoring report to this meeting, there is funding being given to local authorities and Valuation Joint Boards for the introduction of the Electoral Integrity Programme (EIP) from May 2023 across the UK, in order to meet the requirements of the Elections Act 2022. New measures are required 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.
- 5.18 The level of funding and expected costs are unknown on a year to year basis and therefore not included in the future year's budgets.

NDR Reform

- 5.19 The NDR Reform budget for 2023/24 was the amount expected included within the local government settlement plus committed amounts carried forward from previous years that was to be funded from the earmarked reserves.
- 5.20 The total funding allocated to the three authorities in 2023/24 is £268,000 (Aberdeen City £104,000, Aberdeenshire £120,000, Moray £44,000) and this, along with £163,000 from the NDR Reform reserve is the budget.
- 5.21 The current balance on the earmarked NDR reserve is £472,000 with a forecast underspend in 2023/24 of £181,000, of which £18,000 would be transferred to the reserve, bringing the balance to £490,000.
- 5.22 The budget for 2024/25 onwards is the originally planned budget for the year included within the local government settlement.

Reserves

- 5.23 It is not expected that the use of reserves will be required to balance spend in 2024/25 and reserves at 31 March 2024 will remain at the maximum approved level of £239,000, after transferring the estimated surplus from 2023/24. At its meeting on 3 March 2020 the Board approved that a minimum general

reserve of 2.5% of estimated annual net expenditure would be maintained. Based on the proposed 2023/24 estimated net expenditure of £4,779,000, this equates to a minimum general reserve of £119,000. The Board therefore has flexibility to use up to £120,000 to cushion the impact of inflation on its budget for 2024/25. Given the level of uncertainty over pay awards, the quantification of risk summarised in paragraph 5.24 below and the observations on balance of risk referred to in paragraph 3.1 the Board may consider it prudent to reduce the planned use of reserves.

Risks

- 5.24 Various financial risks have been identified throughout the report and are summarised here for ease of reference. Many of the budget savings are dependent on external factors and phasing them into the proposed budget has associated risks. It should be noted that the total risk identified exceeds the maximum general reserve permitted to be held.

Risk	Para ref	Potential impact £000s
Insufficient allowance for pay award (5% to 7% including oncosts)	5.4	81
Above average vacancy factor (5% to 10%)	5.6	159
Woodhill House relocation doesn't go ahead	5.8	46
ICT savings (realised in 2024/25)	5.11	150
Total		436

- 5.25 There are also risks arising from changing service requirements, which can also affect the financial requirements of the service.
- 5.26 The proposed 2024/25 Revenue Budget is shown in the Appendix. The proposed net expenditure budget is an increase of £137,000 from 2023/24, of which £114,000 is an increase in the core budget, and an increase of £23,000 in NDR Reform budget. After use of reserves, the total net increase in requisitions is £127,000 and is summarised below, separated into core budgets that are controlled by the Board, and the budget for the NDR Reform requirements.

Budget movements 2024/25	£000s
Impact on core budget	
<u>Increases</u>	
Staffing budget – 5% pay award, increments, travel	175
Reference books	4
Lead Authority Charge	3

Electoral Reform Grants reserves	27
Postages & ER Printing	104
Telephone	3
Specialist Services	1
<u>Decreases</u>	
Staffing budget – Vacancy management	(18)
Property Costs – inc. Woodhill House relocation savings	(6)
Repairs and Maintenance (2023/24 included provision for office move)	(16)
IT Maintenance and Support	(150)
Net increase in core budget	127
NDR reform – increase in staffing and travel costs	23
NDR reform use of reserves	(23)
Total increase in requisitions from 2023/24 to 2024/25	127

6 REQUISITIONS

- 6.1 The table below shows the requisition for each constituent authority, in order to fund the Board's revenue budget for 2024/25 of £5,161,000.
- 6.2 The constituent authorities have previously agreed that expenditure by the Board should be apportioned between authorities pro rata to the population figures for each council. The population figures used are the latest published by the National Records of Scotland in their Mid-Year Population Estimates, for mid-2021.
- 6.3 The proposed requisitions of £5,161,000 are an increase in the 2023/24 requisitions by £127,000 in total.

	Population	Requisition %	Proposed Requisition 2024/25 £	Requisition 2023/24 £	Increase on 2023/24 Requisition %
Aberdeen City	227,430	38.77	2,001,204	1,951,959	2.5
Aberdeenshire	262,690	44.79	2,311,464	2,254,585	2.5
Moray	96,410	16.44	848,332	827,456	2.5
Total	586,530	100.00	5,161,000	5,034,000	2.5

7 CONCLUSION

- 7.1 Preparing the three year Revenue Budget has been a challenging task, trying to balance the increasing demands made upon the service against the financial constraints imposed on the public sector.**
- 7.2 The Assessor has proposed savings and efficiencies where possible and has maintained the vacancy management factor within the core staffing budget. Senior Management will continue to look for efficiencies and savings in the budget.**
- 7.3 There is potential to use general reserves to cushion the impact of increased budgets, where these cannot be covered by savings. However, this should be balanced against the potential risks to the Board identified in this report.**

Author of Report: Susan Alexander
Background papers: Held within Accountancy Section, Moray Council
Ref:

Line No.		2023-24 Core Budget	2023-24 NDR Budget	2024-25 Core Budget Proposed	2024-25 NDR Budget Proposed	2025-26 Core Budget Proposed	2025-26 NDR Budget Proposed	2026-27 Core Budget Proposed	2026-27 NDR Budget Proposed
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Employee Costs								
1	Salaries	2,738	300	2,863	316	3,015	335	3,169	354
2	National Insurance	290	29	307	33	328	36	350	38
3	Superannuation	526	58	553	61	582	65	612	68
4	Additional Pensions	24	-	25	-	25	-	25	-
5	Other Employee Costs	7	-	7	-	7	-	7	-
6	Training	26	7	13	7	13	7	13	7
	Total Employee Costs	3,611	394	3,768	417	3,970	443	4,176	467
	Property Costs								
7	Accommodation Charge	299	-	293	-	295	-	295	-
8	Repairs and Maintenance	23	-	7	-	8	-	9	-
9	Energy Costs	15	-	15	-	15	-	15	-
10	Cleaning	4	-	4	-	5	-	5	-
	Total Property Costs	341	-	319	-	323	-	324	-
	Transport Costs								
11	Staff Travel and Subsistence	40	5	40	5	40	5	40	5
	Total Transport Costs	40	5	40	5	40	5	40	5
	Supplies & Services								
12	Equipment, Furniture & IT	8	1	8	1	8	1	8	1
13	Protective Clothing	1	-	1	-	1	-	1	-
14	Text & Reference Books	9	-	13	-	13	-	14	-
15	Printing & Stationery	18	-	18	-	18	-	18	-
16	Postages & ER Printing	330	-	434	-	434	-	434	-
17	Telephones	7	-	10	-	10	-	10	-
18	Advertising	1	-	1	-	1	-	1	-
19	IT Maintenance & Support	320	18	170	18	175	18	180	18
20	Valuation Appeals	30	-	30	-	30	-	30	-
21	Members Allowances	4	-	4	-	4	-	4	-
22	Fees, Charges & Subscriptions	4	4	4	4	4	4	4	4
23	Specialist Services	20	9	21	9	21	9	21	9
24	Conference Fees and Subsistence	2	-	2	-	2	-	2	-
25	Other Supplies & Services	4	-	4	-	4	-	4	-
	Total Supplies & Services	758	32	720	32	725	32	731	32
	Support Services								
26	Lead Authority Charge	62	-	65	-	65	-	65	-
	Total Support Services	62	-	65	-	65	-	65	-
	Gross Expenditure	4,812	431	4,912	454	5,123	480	5,336	504
	Income								
27	Sales and Other Income	(15)	-	(15)	-	(15)	-	(15)	-
28	Government Grants	(14)	-	-	-	-	-	-	-
29	Interest on Revenue Bonds	(4)	-	(4)	-	(4)	-	(4)	-
	Total Income	(33)	-	(19)	-	(19)	-	(19)	-
30	Net Expenditure	4,779	431	4,893	454	5,104	480	5,317	504
	Funded from Reserves								
31	NDR Reform	-	(163)	-	(186)	-	(212)	-	(236)
32	Electoral Reform	(13)	-	-	-	-	-	-	-
33	Requisitions	(4,766)	-	(4,893)	-	(5,104)	-	(5,317)	-
34	NDR Requisitions	-	(268)	-	(268)	-	(268)	-	(268)
35	(Surplus)/Deficit for Year	-	-	-	-	-	-	-	-



REPORT TO: Grampian Valuation Joint Board on 3 November 2023

SUBJECT: Electoral Registration

BY: The 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 The annual canvass is in progress with letters being issued to all households in Grampian during August. Follow up action for non-responses is currently taking place by telephone and door to door canvass.

3.2 Major changes to absent voting rules at reserved polls, as introduced by the Elections Act 2022 take effect on 31 October 2023, including the introduction of an online absent vote application service (OAVA).

3.3 Several major upgrades to our electoral management system are required to enable this latest tranche of Elections Act changes.

3.4 Further Elections Act changes in relation to the Overseas Electors' franchise will take effect on 16 January 2024.

3.5 We are working with the election teams from the 3 constituent authorities in order to implement the changes to Westminster constituency boundaries.

3.6 The Electoral Commission (EC) and Electoral Management Board for Scotland (EMB) held an event for Returning Officers and Electoral Registration Officers in Scotland at which we were represented.

4. Electoral Registration Update

4.1 Annual Canvass 2023

- 4.2** The canvass has been underway since early August with letters being issued to unmatched properties across the whole of Grampian on 1 August, to matched properties in Aberdeenshire on 15 August and to matched properties in Moray and Aberdeen City on 22 August. All households received a flyer providing information about the new voter ID requirements, including a link to details on the types of acceptable ID and how to apply for a Voter Authority Certificate if needed.
- 4.3** E-communications were sent to electors in just over 82,000 matched properties, prior to the write out. Electors were invited to use the online response method to make a return. In most cases this will complete the canvass for the property and avoid the need for the issue of a paper form. The response rate to these emails was just over 29%. A link to the voter ID flyer was included in the email.
- 4.4** There was further success in expanding the canvass team which has now increased from 37 to 44, including the 4 permanent Electoral Registration Assistants.
- 4.5** The strategy for the personal contact aspect of the canvass is the same as in 2022, consisting of 2 phases. The first phase covering all properties in rural areas along with some of the towns in Aberdeenshire and Moray and parts of Aberdeen City and amounting to just over 28,000 visits concluded in mid-October. 2,866 properties in those areas were eligible for phone canvassing as we hold a telephone number for a matched elector at the property. This exercise commenced on 23 October with around a third of calls completed by 26 October.
- 4.6** A further phase of personal contact commenced in early October, taking in the remainder of Aberdeen City along with the remaining towns of Aberdeenshire and Moray. Currently 2,531 of these properties are eligible for telephone canvass, while 21,618 properties have been selected for a visit by a canvasser. A further 2,344 student properties will be visited by a canvasser. These visits and phone calls must be completed by 30 November.
- 4.7** The Elections Act 2022
- 4.8** The Elections Act 2022 introduces the Government's manifesto commitments on electoral integrity and the wider democratic system. The Department for Levelling Up, Housing and Communities (DLUHC) has responsibility for the Electoral Integrity Programme (EIP) which will deliver the provisions within the Act.
- 4.9** The Business Change Network (BCN) is overseen by the Business Change Team (BCT) within DLUHC. The BCN enables two-way flow of information between electoral administrators and the BCT through Regional Leads and Change agents.

- 4.10** On 5 October 2023 confirmation was received that the Online Absent Voting Applications (OAVA) site would launch on 31 October 2023. This is despite concerns being raised at ministerial level by electoral administrators that the system is not ready or fit for purpose. The Chief Executive of the Association of Electoral Administrators has written to the Minister to reiterate that view and released a public statement detailing the objections;
<https://www.aea-elections.co.uk/2023/10/05/comment-on-online-absent-vote-applications-being-launched-from-31-october-2023/>.
- 4.11** Concurrent with the launch of the OAVA we have the introduction of significant changes to the rules around absent voting applications for UK level elections including a new requirement for electors to pass an identity check by comparison of name, date of birth (DOB), National insurance number (NINO) and address relative to DWP records. Where a NINO cannot be provided and a reason is given, or the details of the application do not match, the identity can be verified by the production of accepted forms of identification or attestation.
- 4.12** Changes to the duration of a reserved postal vote to introduce a maximum period of 3 years, as well as to the limits to the number of electors for whom a person may act as proxy, also come into force on 31 October 2023.
- 4.13** With all of these changes introducing significant divergence between the rules for reserved and devolved absent vote applications, electoral administrators have a great deal to do in a very short space of time to develop messaging which can be used consistently across all of Scotland to enable electors to be able to take the action they need to take to secure their chosen voting method at all types of election. The risks around this divergence in the rules are numerous and a considerable amount of work is being carried out at a national level to identify the risks and mitigations and to communicate these to EROs.
- 4.14** Resources such as web content, form and letter templates, FAQs and procedures are being developed by the Scottish Assessors' Association Electoral Registration Committee to assist EROs with the considerable challenges posed by the introduction of this raft of changes.
- 4.15** Senior administration staff have attended training on the new rules delivered by Association of Electoral Administrators trainers and on new software functionality provided by our software provider, Idox. We will shortly deliver training sessions to the whole admin team.
- 4.16** Familiarisation with the new public facing application sites will be necessary for frontline staff so that they can understand and deal with any difficulties raised by callers.
- 4.17** A test facility for the new portal where ERO staff will process the online applications has only just been opened, giving very little time for senior staff to assimilate the functionality and train the core team.

- 4.18** An upgrade to our Electoral Management System (EMS) was recently installed to enable testing of the link from the processing portal to the EMS, and a further upgrade will be installed imminently which will make major changes to system functionality to allow handling of absent votes under the new rules, including all the divergence aspects.
- 4.19** On 16 January 2024 the legislative change to remove the 15 year limit in relation to overseas electors' registration will come into force. Senior administration staff will attend training in December on this significant change which will enfranchise additional electors who will be eligible to vote at the UK Parliamentary General Election which is expected to take place in 2024.
- 4.20** UK Constituency Boundary changes
- 4.21** Work is ongoing with the election teams within the 3 constituent councils to assist with preparation of their reports to their respective councils on the impact of the UK Parliamentary constituency boundary changes on their constituencies and polling districts.
- 4.22** The revised register will be published on 1 December 2023 based on the new boundaries. However, we also require to hold the existing boundary configuration within the EMS in order to be able to supply the electoral register to the sitting members of the current constituencies and to output the register for use at a UK Parliamentary by-election should one occur before the next UK General Parliamentary election.
- 4.23** Currently 6 parliamentary constituencies fall wholly within the boundary of the area of responsibility of the Grampian ERO. As a result of the boundary changes the Grampian electorate will still be contained within 6 constituencies, but one of these, Moray West, Nairn and Strathspey County Constituency, lies partly within the area of responsibility of the Highland and Western Isles ERO.

4.24 In the main the new constituency areas comprise whole council wards, but there are some cross boundary issues – summarised in table below.

Existing constituency	New constituency	Changes
Aberdeen North	Aberdeen North Burgh Constituency	Takes in polling districts currently in Gordon constituency but which lie within the city council boundary. Some movement of polling districts and part polling districts to and from Aberdeen South
Aberdeen South	Aberdeen South Burgh Constituency	Some movement of polling districts and part polling districts to and from Aberdeen North
Banff and Buchan	Aberdeenshire North and Moray East County Constituency	Takes in wards 2 and 3 and the ward 4 polling districts east of the Spey from Moray Council area. Also comprises large part of former Banff and Buchan constituency
	Gordon and Buchan County Constituency	Comprises parts of the former Gordon and Banff and Buchan Constituencies
Gordon	Gordon and Buchan County Constituency	Comprises parts of the former Gordon and Banff and Buchan Constituencies Aberdeen City council parts of Wards 1 and 2 move from former Gordon Constituency to Aberdeen North Burgh constituency
Moray	Moray West, Nairn and Strathspey County constituency	Moray Council Wards 1, 5, 6, 7, 8 and ward 4 polling districts west of the Spey join areas within Highland
	Aberdeenshire North and Moray East County constituency	Moray Council Wards 2 and 3 with polling districts of ward 4 east of the Spey join parts of former Banff and Buchan constituency
West Aberdeenshire and Kincardine	West Aberdeenshire and Kincardine County constituency	Unchanged

4.25 We are carrying out the work needed to update the polling district coding, set up the moves of properties and streets where there are split polling districts and to create an additional “new constituency” level within the EMS, before populating both the existing and new layers with the correct configurations of polling districts. This work must be completed prior to commencing year end procedures in late November.

4.26 Preparing for a UK Parliamentary General Election – Electoral Commission Event held at Caird Hall, Dundee, 6 October 2023

4.27 This event was attended by Gavin Oag and Linda Smith. Through a series of presentations and workshops, attendees considered issues which all Returning Officers and Electoral Registration Officers need to address while planning for the next UK General Parliamentary election, including changes arising from the Elections Act 2022, such as the application of photographic Voter ID, as well as issues relating to devolved Scottish elections.

5. Conclusion

5.1 The main operational task throughout the period of this report has been delivery of the annual canvass. The overall strategy is similar to the previous two years, with the notable and successful addition of the E-communications option. The canvass is on track to be completed prior to revision of the register on 1 December 2023

5.2 With the short timeframe between release of EC guidance and implementation of the new rules, and the need to develop new forms, correspondence and messaging to enable clear communication with electors, administrators nationally have felt that everything is very compressed. Strongly held opinions that systems are not ready, and just in time delivery of EMS upgrades are also contributing to administrators’ concerns around being able to deliver the changes effectively and to provide the level of service to which we aspire.

5.3 This is a very challenging period in which to operate particularly as major boundary changes must also be delivered and the next UK Parliamentary election is looming on an as yet unknown date. It is with the ongoing commitment and hard work of the whole team that we will deliver all of our objectives while adhering to the constant underlying mantra of “putting the voter first”.

Author of Report: Linda H Smith, Principal Administrative Officer



REPORT TO: Grampian Valuation Joint Board on 3 November 2023

SUBJECT: Public Performance Report

BY: The Assessor & ERO

1. Reason for Report

1.1 To seek approval for the publication of the 2022/23 public performance report.

2. Recommendation

2.1 **The Board note the content and agree to the publication of the Public Performance Report provided as Appendix 1 to this report.**

3. Background

3.1 The Board's Code of Corporate Governance requires publication of an annual report incorporating financial and performance information.

4. Current position

4.1 The public performance report provides financial, staffing and sickness absence data along with statistical data relative to the organisation's three service strands - Council Tax, Valuation Roll and Electoral Registration. The report does not provide the same level of detail provided in the routine performance reports to the Board. It does however seek to provide an overview of the organisation's performance.

4.2 The report focusses on the priorities identified in the management commentary to the audited accounts and provides statistical information that shows how the organisation has performed over recent years. The report also illustrates the reactive nature of services that an Assessor and ERO must be prepared to deliver against extremely tight statutory timelines and changing circumstances.

5. Conclusion

- 5.1 The organisation faced another challenging year during 2022/23. Valuation Roll and Council Tax key performance indicators were below target but this was perhaps to be expected given the need to complete the general revaluation of non-domestic properties and the level of vacancies that persisted throughout the year. The organisation did however meet all its statutory objectives and this is a credit to the dedication and hard work of the staff.

Author of Report: Mark J Adam, Assessor & ERO



Grampian Assessor & Electoral Registration Officer

Public performance report for 2022/23

Introduction

The Grampian Assessor & Electoral Registration Officer (ERO) is an independent statutory official appointed by the Grampian Valuation Joint Board to value non-domestic properties for rating purposes, allocate dwellings to council tax bands and provide an electoral registration service for the Aberdeen, Aberdeenshire and Moray Council areas.

General Information

The Grampian Valuation Joint Board is a public body that funds the Assessor & ERO by means of requisitions from Aberdeen, Aberdeenshire and Moray councils and the net expenditure for 2022/23 was £4.402M resulting in an underspend of £0.494M for the financial year. The Board has a full-time equivalent of 82 posts distributed between offices in Aberdeen, Banff and Elgin. As at 31 March 2023 there were 65 full-time equivalent staff in post. In the last year, staff absence due to ill health was 1.7%, a 0.1% increase from 2022/23 but still comparing well to previous years.

A review of our 2022/23 priorities

The following operational priorities were specifically identified in the management commentary for the year. They must however not be considered in isolation and the organisation has a wide range of on-going priorities that relate not only to operational aspects of the organisation but also to our duty to eliminate discrimination and mainstream equalities, manage our records to the satisfaction of the Keeper of Records, protect data and provide information on request and in line with current law.

Conduct a full household canvass under the individual electoral registration (IER) regime.

The annual canvass of households has been the subject of major reform and the 2022 canvass was the third canvass where data matching was used at the outset to help identify those properties where the residents are more likely to have changed, the initial match being a comparison of the electoral register with information held by the Department for Work and Pensions (DWP). Canvass Communication letters (CCA) advising who was on the register were issued to around 192,000 households where we held matched data (Route 1) and a response was only required where there were changes - the issue of a CCA concludes the canvass for Route 1 properties. Different Canvass Communication letters (CCB) were issued to around 100,000 households where there was unmatched data (Route 2) and a response was required from these households. If no response was received from these Route 2 properties, follow up action was required, including, potentially, a personal contact. Around 160 properties, including residential homes, were selected for Route 3 whereby information about the occupants was sought from a

“responsible person” rather than the occupants themselves. The revised canvass model means that a comparison of return rates and automated responses with a canvass in the years prior to 2020 is not appropriate. However, a comparison of the past 3 years is shown below. Households are still encouraged to use our automated response channels in the first instance as they require less back-office processing and are less costly for the public purse and a total of around 60,600 automated responses were received in 2022.

Annual Canvass of households	2020	2021	2022
DWP Match Rate	83.11%	83.09%	83.21%
Number of Properties in Route 1	191,982	198,279	192,288
Number of Properties in Route 2	95,095	91,452	99,818
Route 2 overall response rate (%)	61.40%	60.30%	62.20%
Number of Properties in Route 3	271	227	156
Number of automated responses	69,102	58,954	60,612

Publish revised registers on 1 December 2022.

The revised registers were published on 1 December 2022. The local government franchise electorate rose marginally from 448,607 to 448,915 between 1 December 2021 and 1 December 2022 with the Westminster franchise electorate dropping slightly from 414,534 to 413,739 over the same period.

Register publication date	Local Government Electorate	Number of households canvassed
1 Dec 2022	448,915	292,262
1 Dec 2021	448,607	289,958
1 Dec 2020	448,331	286,999
1 Feb 2020	445,960	282,999
1 Dec 2018	432,135	278,637
1 Dec 2017	438,674	279,278

Deliver the 2023 general revaluation of all non-domestic properties.

The 2022/23 year was an extremely demanding period for the valuation service with a requirement to carry out a general revaluation of over 30,000 non-domestic subjects across Grampian.

Past revaluations were carried out every five years 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. To align more closely with the market, revaluations now take place every three years and with regard to a “tone” date only one year ahead of the date the new roll is 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. A new legal requirement meant that the Assessor had 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. For various classes of subject there was also 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.

The table below shows a comparison of the valuation rolls on 1 April of the current and previous revaluation years.

Year	Aberdeen City Council area		Aberdeenshire Council area		Moray Council area		Grampian Valuation Joint Board area	
	No. of entries	Total Rateable Value (£)	No. of entries	Total Rateable Value (£)	No. of entries	Total Rateable Value (£)	No. of entries	Total Rateable Value (£)
2023	10,001	483,565,417	14,537	304,340,570	5,758	145,682,775	30,296	933,588,762
2017	9,543	592,696,360	11,884	286,176,425	4,609	108,241,085	26,036	987,113,870

Maintain complete and accurate Valuation Rolls and Valuation Lists.

These last two priorities use quantitative target-based performance indicators rather than qualitative measures and as such can be misleading at times 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.

Table 1 shows the number of new dwellings added to the Council Tax Valuation Lists in Grampian over the last 5 years and also the percentage that received notification within the 3 and 6 month performance windows. Table 1 also shows the performance thresholds that have been set.

Table 1 The time taken to add new dwellings to the Council Tax Valuation List

Year	Number	Within 3 months		Within 6 months	
		Threshold	Actual	Threshold	Actual
2022/23	2,725	94%	71%	97%	94%
2021/22	2,964	94%	83%	97%	95%
2020/21	2,212	94%	61%	97%	80%
2019/20	3,437	94%	90%	97%	97%
2018/19	3,524	94%	94%	97%	98%

Table 2 shows the number of alterations made to the Valuation Roll over the last 5 years along with the percentage of alterations that were made within the 3 and 6 month performance windows. The performance thresholds are also provided. Alterations include new entries to the Valuation Roll for newly constructed or converted buildings as well as alterations to existing buildings and the correction of errors.

Table 2 The time taken to alter the Valuation Roll

Year	Number	Within 3 months		Within 6 months	
		Threshold	Actual	Threshold	Actual
2022/23	1,732	65%	30%	85%	50%
2021/22	1,683	65%	39%	85%	72%
2020/21	1,430	70%	30%	85%	49%
2019/20	1,984	70%	59%	85%	77%
2018/19	2,668	70%	59%	85%	77%

Conclusion

The nature of the services that are provided by the organisation means that we must have the planning and resources in place to address and react to any new priorities and demands as efficiently and timely as possible whilst still delivering the statutory duties required of the Assessor and Electoral Registration Officer. Despite the challenges of delivering the 2023 Revaluation, the organisation has performed very well in fulfilling its statutory requirements to maintain the Valuation Roll, the Valuation List and the Register of Electors. It is a testimony to the hard work and dedication of colleagues that the current level of performance has been achieved and the Management Team is grateful for their effort in achieving this.

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REPORT TO: Grampian Valuation Joint Board on 3 November 2023

SUBJECT: Valuation Roll & 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 the period 1 April 2023 to 25 October 2023.

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. The next review is due to take place during 2024/25.

4. Valuation Roll

4.1 Appeals

4.1.1 Revaluation 2017 appeals

The number of unresolved appeals continues to fall and there are now only 37 revaluation appeals outstanding with the Upper Tribunal for Scotland.

4.1.2 Revaluation 2017 Running Roll appeals

Although there are still some 3,800 live appeals in our system, the First-tier Tribunal Local Taxation Chamber has yet to advise us as to the full extent of the withdrawal of Covid-19 material change appeals. Once those are removed from the system only a few hundred appeals will remain for disposal by the statutory deadline of 31 December 2024. The First-tier Tribunal has commenced citation of these appeals on a Scotland wide basis, with video hearings due to take place over the next few months.

4.1.3 Revaluation 2023 appeals

A new two stage appeal process has been introduced to coincide with the revaluation. The new procedures reflect the outcome of consultations that followed from the recommendations of the Barclay Review of Non-Domestic Rates. Under the old provisions it was enough to simply submit a written notice intimating a wish to appeal a valuation. This resulted in a large number of speculative appeals many of which were subsequently withdrawn.

At the first stage, the new rules require a ratepayer or their representative to make a formal upfront proposal submission including specific reasons (grounds) for making the proposal together with accompanying evidence and a statement which explains how such evidence supports the grounds of appeal. If the proposal remains unresolved after consideration by the Assessor, the appellant has a right of appeal to the Local Taxation Chamber.

This procedural change, together with the state of the property market at the 1 April 2022 tone date for the 2023 Revaluation, which resulted in a significant number of values falling, has seen revaluation appeal numbers fall from 11,291 in 2017 to 2,456 in 2023. Whilst these numbers significantly indicate a saving in administration work, the work to be carried out by valuers to resolve these appeals is unlikely to be reduced to anywhere near the same extent due to the removal of the entirely speculative appeal from the process.

These proposals require to be resolved within a new tighter timescale that is in line with the new three yearly valuation process that will see the next Revaluation come into force on 1 April 2026 with, as things stand, a 1 April 2025 valuation date. The deadline for disposal of the appeals is 30 September 2025 although Assessors are in the process of drawing up a schedule for disposal that should see the majority of proposals determined during the 2024 calendar year.

4.2 Running roll updates

Appendix 1 provides performance for running roll updates to the Valuation Roll during the period from 1 April 2023 to 25 October 2023 and the previous two full years. Whilst the number of amendments carried out in under three months is only just below target it remains to be seen whether that level of performance can be achieved for the year as a whole given current levels of staffing in the valuation service.

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 is below target and reflects the impact of carrying out a somewhat onerous exercise brought about by changes in the rules governing the assessment of Self Catering Units. The stricter rules, requiring the consideration of detailed evidence to support the entry of these subjects in the Valuation Roll rather than the Council Tax Valuation List are likely to result in significant numbers of subjects being transferred to the Roll to the List. That stated, the percentage of new entries made under 3 months is up on that achieved in 2022/3.

5.2 Proposals and Appeals

There are currently 91 live Council Tax proposals and appeals, which are in the process of being resolved either through discussion at the initial proposal stage or by way of formal appeal hearings, for which the First-tier Tribunal for Scotland has recently commenced a citation programme.

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

Appendix 1

Valuation Roll Performance Indicators as at 25 October 2023

	Time period	2023/2024 (part year)	2022/2023	2021/2022
Amendments within time periods	0 - 3 Months	728	527	663
The number of amendments made to the valuation roll during the year as a result of material change of circumstances and new subjects.	%	63.52%	30.41%	39.39%
	<i>Threshold %</i>	65.00%	65.00%	65.00%
	3 - 6 Months	263	338	380
	%	22.95%	19.50%	22.58%
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%	20.00%	20.00%
	Over 6 Months	155	868	640
	%	13.53%	50.09%	38.03%
	<i>Threshold %</i>	15.00%	15.00%	15.00%
Number of amendments		1,146	1,733	1,683
Total number of entries	At 1 April	30,296	30,326	30,107
Total Rateable Value	At 1 April	£933.59M	£1,002.00M	£1,007.00M

Appendix 2

Council Tax Valuation List Performance Indicators as at 25 October 2023

	Time Period	2023/2024 (part year)	2022/2023	2021/2022
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	1,248	1,938	2,465
	%	76.71%	71.12%	83.16%
	<i>Threshold %</i>	94.00%	94.00%	94.00%
	3 - 6 Months	191	623	344
	%	11.74%	22.86%	11.61%
	<i>Threshold %</i>	3.00%	3.00%	3.00%
	Over 6 Months	188	164	155
	%	11.55%	6.02%	5.23%
	<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.		1,627	2,725	2,964
Total Number of Entries The actual number of properties shown in the Valuation List as at 1 April annually.		302,364	300,067	297,597
Adjusted to Band "D" Equivalent	Original ratios	301,327	298,616	295,659
	2017 ratios	317,377	314,462	311,265



REPORT TO: Grampian Valuation Joint Board on 3 November 2023

SUBJECT: Staff Vacancies, Recruitment & 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 14 vacant posts: -

<u>Section</u>	<u>Establishment (FTE)</u>	<u>Number of vacancies (FTE)</u>
Clerical	29	1
IT	3	1
Management	3	0
Secretarial	4	2
Technical	14	0
Valuation	29	10
Total	82	14

- 4.2 The IT post remains unfilled, pending the review of the organisation's IT requirements.

- 4.3 The Secretarial posts also remain unfilled, pending the review of secretarial requirements. As previously reported, one post has been reprofiled and a job evaluation exercise has been carried out by Moray Council HR.
- 4.4 The Clerical team currently has one vacancy.
- 4.5 We are continuing to monitor staff welfare for signs that the level of vacancy, or other factors, are having an impact on their wellbeing.

5. Recruitment & Advancement

5.1 A further two rounds of recruitment have taken place since my previous report to the Board. As a result of the second round of advertising, we have made an offer of employment to an experienced external candidate for the post of Assistant Assessor. At the time of preparation of this report we await acceptance of this offer. In addition, we recruited an additional Graduate Trainee Valuer in July.

5.2 I am pleased to report to the Board that one of our existing Graduate Trainee Valuers recently successfully passed the Royal Institution of Chartered Surveyors' Assessment of Professional Competence and has progressed to the post of Valuer and I have no doubt that she will continue to make a valuable contribution to our team.

6. Action Being Taken

- 6.1 We continue to advertise our vacancies via our website and are about to undertake another round of external advertising for various posts.
- 6.2 A planned meeting between the Assessor and Moray Council HR has still to take place.
- 6.3 As reported at the last meeting, a member of our technical staff has been accepted onto the Napier University graduate apprenticeship degree course in Construction and the Built Environment. They were accepted for direct entry to the second year of the course, due to previous academic qualification, has now started the actual course and completed the first of three annual teaching blocks at the university in Edinburgh.
- 6.4 As previously reported, we will continue to explore avenues in which we may improve recruitment and the upskilling of our existing staff.

7. Conclusion

7.1 Further work with Moray Council HR is still required and this will take place when resources on both sides permit. The fact that one member of staff has now enrolled on the graduate apprenticeship degree course may encourage other members of the organisation to consider doing the same. We will maintain our attempts to try to recruit through our normal channels. It is once more recommended that we continue with the course of action set out above and report back to the Board at the next meeting.