

Notice of Meeting and Agenda

Friday, 29 June 2012 at 10 am
in the City Chambers, High Street, Edinburgh

**PLEASE NOTE
DATE AND TIME OF
MEETING**

1 Order of Business

Including any notices of motion and any other items of business submitted as urgent for consideration at the meeting.

2 Declaration of Interests

Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

3 Minute of the Lothian Valuation Joint Board of 11 June 2012 (circulated) – submitted for approval as a correct record

4 Unaudited Financial Statements for the Year Ended 31 March 2012 – report by the Treasurer (circulated)

5 Board Treasurer – Interim Arrangements – report by the Chief Executive and Clerk (circulated)

6 Future Meeting Arrangements – June 2012 to June 2013 – report by the Chief Executive and Clerk (circulated)

7 Internal Audit – Annual Report – report by the City of Edinburgh Council's Chief Internal Auditor (circulated)

8 Annual Report on Equalities 2011/2012 – report by the Assessor and Electoral Registration Officer (circulated)

9 Electoral Registration Report 2011/2012 – report by the Assessor and Electoral Registration Officer (circulated)

Sue Bruce
Chief Executive and Clerk

Membership

The City of Edinburgh Council (9)

Councillor Bagshaw
Councillor Ricky Henderson
Councillor Howat
Councillor Keil
Councillor McInnes
Councillor McVey
Councillor Perry
Councillor Rust
Councillor Work

Midlothian Council (2)

Councillor Bryant
Councillor Russell

West Lothian Council (3)

Councillor King
Councillor McCarra
Councillor Muldoon

East Lothian Council (2)

Councillor Gillies
Councillor (to be confirmed)

Notes:

- (1) If you have any questions about the agenda or meeting arrangements, please contact Rhona Sinclair, Committee Services, City of Edinburgh Council, City Chambers, High Street, Edinburgh, EH1 1YJ; ☎ 0131 529 4238 e-mail rhona.sinclair@edinburgh.gov.uk.
- (2) A copy of the agenda and papers for this meeting will be available for inspection prior to the meeting at the Main Reception Office, City Chambers, High Street, Edinburgh.
- (3) The agenda, minutes and public reports for this meeting can be viewed online by going to www.edinburgh.gov.uk/meetings. Members and Officers of the City of Edinburgh Council can also view them by going to the Orb home page and clicking on Committee Business.



Please recycle this paper

Lothian Valuation Joint Board

Edinburgh, 11 June 2012

Present:-

City of Edinburgh Council – Councillors Work (Convener), Bagshaw, Ricky Henderson, Howat, Keil and McVey

East Lothian Council – Councillor Gillies

Midlothian Council – Councillors Bryant and Russell

West Lothian Council – Councillor King (Vice-Convener)

1 Appointment of Convener

Decision

To appoint Councillor Work as Convener of the Lothian Valuation Joint Board.

2 Appointment of Vice-Convener

Decision

To appoint Councillor King as Vice-Convener of the Lothian Valuation Joint Board.

3 Minutes

Decision

- 1) To note the minute of the Lothian Valuation Joint Board Joint Consultative Group of 3 February 2012.
- 2) To approve the minute of the Lothian Valuation Joint Board of 3 February 2012 as a correct record.

4 Appointments to Committees and the Joint Consultative Group

The Joint Board had previously established an Appointment Committee to undertake recruitment and appointment of senior staff and an Appeal Committee to deal with disciplinary and grievance issues. The Board had also set up a Joint Consultative Group to provide a means of regular consultation between the Board and employees' representatives on a range of issues.

The Board was invited to re-establish the Committees and the Joint Consultative Group, approve their remits and appoint their memberships and Conveners.

Decision

- 1) To re-establish the Appointment and Appeal Committees and the Joint Consultative Group (JCG).
- 2) To approve the remits of the Committees and the Joint Consultative Group as detailed in Appendices 1 to 3 of the report by the Chief Executive and Clerk.
- 3) To appoint the following members to the Appointment and Appeal Committees and the Joint Consultative Group:

Councillor Work (City of Edinburgh Council)
Councillor Bagshaw (City of Edinburgh Council)
Councillor Gillies (East Lothian Council)
Councillor Russell (Midlothian Council)
Councillor Muldoon (West Lothian Council)
- 4) To agree that the Committees and the JCG would appoint their Conveners.

(Reference – report by the Chief Executive and Clerk, submitted.)



Unaudited Financial Statements for the Year Ended 31st March 2012

29th June 2012

1 Purpose of report

The purpose of this report is to present the unaudited Financial Statements for the year ended 31st March 2012.

2 Unaudited Financial Statement

- 2.1 The unaudited Financial Statements are presented in accordance with the Local Authority Accounts (Scotland) Regulations 1985 (amended 1997) which requires that the Financial Statements for the year 2011/12 be presented to the Board no later than 30th June, 2012.
- 2.2 The unaudited Financial Statements for 2011/12 have been prepared in accordance with International Financial Reporting Standards (IFRS) based 2011 Code of Practice in the United Kingdom and include IFRS comparative figures for 2010/11.
- 2.3 The Annual Governance Statement is shown on pages 46 to 48 of the Financial Statements. This Statement includes details of the Governance Framework and a review of its effectiveness including the system of internal financial control.
- 2.4 The Treasurer's opinion is that reasonable assurance can be placed on the adequacy and effectiveness of the Board's internal control system. This opinion is informed by the work of the Internal Audit, managers in the Board and External Audit.
- 2.5 From this years review there is evidence that the Code is operating effectively with overall compliance by the Board in all significant areas of its corporate governance arrangements.
- 2.6 The outturn for the year shows an underspending of £0.042m. Page 4 of the Foreword gives details and the main reasons for this underspend. The Board has no power to establish a general reserve, however, the Board at its meeting on the 3rd February 2011, agreed a recommendation to fund future liabilities for early release measures from the 2011/12 underspend, and accordingly a creditor has been established for this amount.

3 Recommendation

It is recommended that the Board notes the report and unaudited Financial Statements for 2011/12 and that the statements will be re-presented to the Board on completion of the external audit.

K. Kelly,
Treasurer.

Appendices	Unaudited Financial Statements
Contact/Tel:	Mr. I. Knowles: 0131 469 3173 e-mail: ian.knowles@edinburgh.gov.uk
Background Papers	Held at office of Treasurer

LOTHIAN VALUATION JOINT BOARD

***FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2012***

UNAUDITED

LOTHIAN VALUATION JOINT BOARD

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LOTHIAN VALUATION JOINT BOARD

MEMBERS AND OFFICIALS

Members

Convener: Councillor Stuart McIvor, City of Edinburgh Council
Vice-Convener: Councillor Lisa Beattie, Midlothian Council

Appointed by The City of Edinburgh Council : Councillor Stuart McIvor
Councillor Andrew Burns
Councillor Gordon Mackenzie
Councillor Ian Perry
Councillor Jason Rust
Councillor Paul Edie
Councillor Gordon Buchan
Councillor Phil Wheeler
Councillor David Beckett

Appointed by East Lothian Council : Councillor Jacqui Bell
Councillor Roger Knox

Appointed by Midlothian Council : Councillor Margot Russell
Councillor Lisa Beattie

Appointed by West Lothian Council : Councillor Frank Anderson
Councillor Peter Johnston
Councillor Dave King

Officials

Assessor : Joan M. Hewton BSc, FRICS
Chief Executive and Clerk : Sue Bruce MPhil LLB Dip FRSA
Treasurer : Karen Kelly, CPFA
Solicitor : Carol Campbell, LLP(Hons), DipLP
Monitoring Officer : Alastair Maclean, LLB(Hons), DipLP, NP, WS

LOTHIAN VALUATION JOINT BOARD

FOREWORD

Introduction

The Lothian Valuation Joint Board was established under the Valuation Joint Boards (Scotland) Order 1995 and provides Valuation Appeals, Lands Valuation, Electoral Registration and Council Tax Valuation services. The Board comprises 16 members appointed from the constituency authorities of whom nine are elected from the City of Edinburgh Council, three from West Lothian and two each from East and Midlothian Councils.

Costs incurred by the Lothian Valuation Joint Board are apportioned in accordance with the non-domestic rateable subjects and dwellings valued for council tax within the area of each constituent authority. This has resulted in expenditure being allocated 61.22% to The City of Edinburgh Council, 9.08% to Midlothian Council, 11.02% to East Lothian Council, and 18.68% to West Lothian Council.

Adoption of International Financial Reporting Standards

The Financial Statements of the Board for 2011/12 have been prepared in accordance with the International Financial Reporting Standards (IFRS) based 2011 Code of Practice in the United Kingdom (The Code). Previous Financial Statements were prepared based on the Code of Practice on Local Authority Accounting: A Statement of Recommended Practice (SORP). Local Authorities were required to adopt IFRS from 1st April 2010. The Financial Statements also include IFRS based comparative figures for 2010/11. The main reason for adopting IFRS is to bring benefits in consistency and comparability between financial reports in the global economy and to follow private sector best practice.

The primary financial statements are as follows:

Movement in Reserves Statement

This is a new statement, which shows the movement in the year on the different reserves held by the Board, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and unusable

Comprehensive Income and Expenditure Statement

This is a new statement, which shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from requisitions.

Balance Sheet

The only difference in this statement to the one produced under the SORP is in relation to the format of the balance sheet.

Cash Flow Statement

There are only some minor format changes to the Cash Flow Statement under IFRS.

LOTHIAN VALUATION JOINT BOARD

FOREWORD (Contd.)

Financial Statements

The Financial Statements present the financial position and performance of the Board, for the year to 31st March 2012. This section of the foreword describes briefly the purpose of each statement and the relationship between them.

Annual Governance Statement

This sets out how the Lothian Valuation Joint Board delivers good governance and reviews the effectiveness of these arrangements. It also includes a statement on internal financial control in accordance with proper practice.

Remuneration Report

The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No. 2011/64) require local authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts. This report provides details of the Board's remuneration policy for Board Members and senior employees.

Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Joint Board and Treasurer for the accounts.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Board, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Board's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance. The Net Increase/(Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Board.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from requisitions. The Board receives council requisitions to cover expenditure in accordance with regulations, which may be different from the accounting cost.

Balance Sheet

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 authority (assets less liabilities) are matched by the reserves held by the Board.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Statement of Accounting Policies

This Statement describes the basis for the recognition, measurement and disclosure of transactions shown in the Financial Statements.

LOTHIAN VALUATION JOINT BOARD

FOREWORD (Contd.)

Financial Performance

This review of financial performance is based on management accounting information, rather than the unaudited Financial Statements, which are stated after adjustments to reflect IFRS based Code of Practice.

Revenue

The outturn position compared to budget is summarised below:

	Budget 2011/12 £m	Actual 2011/12 £m	Variance £m
• Employees	4.563	4.607	0.044
• Property	0.615	0.591	(0.024)
• Supplies and Services	0.872	0.794	(0.078)
• Transport and Plant	0.133	0.108	(0.025)
• Third Party Payments	0.080	0.126	0.046
• Support services	0.088	0.072	(0.016)
	<hr/>	<hr/>	<hr/>
	6.351	6.298	(0.053)
• Sales, fees and charges	(0.188)	(0.177)	0.011
	<hr/>	<hr/>	<hr/>
	6.163	6.121	(0.042)
	<hr/>	<hr/>	<hr/>

For the year ended 31st March 2012, the Board had a surplus on its Comprehensive Income and Expenditure account of £0.042m (Note 16.1 refers). Actual is 99.3% of budget.

The principal reasons for the surplus are variances in the following budgets:

• Employees	£m
	0.044

This overspend is mainly due to pension strain costs in respect of three employees who left during 2011/12, offset by savings due to unfilled staff vacancies and the operation of flexible working options.

• Property	£m
	(0.024)

This underspend is mainly due to lower than budgeted repairs and maintenance costs £0.013m and lower energy costs £0.012m.

• Supplies and Services	£m
	(0.078)

This underspend is mainly due to lower than anticipated costs in respect of operational and computer equipment £0.030m; postages £0.017m; and legal fees £0.020m.

• Transport and Plant	£m
	(0.025)

The continuing review of work practices on external survey requirement and the economic downturn in the construction industry has resulted in lower business mileage claims.

LOTHIAN VALUATION JOINT BOARD

FOREWORD (Contd.)

Revenue (Contd.)

£m

- Third Party Payments

0.046

This overspend is mainly due to higher than anticipated activity of the Valuation Appeals Committee arising from a large volume of lodged revaluation appeals and the increasing number of material change of circumstances appeals received subsequently and the increasing complexity both in valuation and legal terms that these appeals present.

The Board has no power to establish a general reserve, however the Board agreed a recommendation to fund future liabilities for early release measures from the 2011/12 underspend. The underspend for 2011/12 of £0.042m is carried forward together with the 2010/11 underspend of £0.228m as previously agreed.

Net Pension Liability

The net pension liability of the Board as at 31st March 2012 was calculated in accordance with the requirements of International Accounting Standard 19 (IAS 19) and amounts to £4.504m (2010/11 £4.964m).

IAS 19 is based on the principle that an organisation should account for retirement benefits at the point at which it commits to paying them, even if the actual payment will be made years into the future.

Staff are admitted to the Lothian Pension Fund. A tri-ennial actuarial valuation considers the appropriate employer's rates and this, together with revenues generated from employee contributions and investments, is utilised to meet the fund's commitments. The next actuarial review is due in 2014.

The 2011/12 accounts have been prepared in accordance with IAS 19. The IAS 19 based adjustments to net operating expenditure lead to an overall Pension Liability of £4.504m which is offset by a pension reserve. This is a reduction of £0.460m from the 2010/11 balance sheet position of £4.9640m mainly due to public sector pay restrictions.

The technical accounting charge has had no impact on the underlying basis for meeting the Lothian Valuation Joint Board's current and ongoing pension liabilities. These will be met from contributions from constituent authorities under the Order 1995. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of these Financial Statements.

LOTHIAN VALUATION JOINT BOARD

FOREWORD (Contd.)

Future Outlook

The 2012/13 Local Government Finance Settlement is for three years with revenue funding for 2012/13 being maintained at 2011/12 "flat cash" settlement. Local Government's share of the total Scottish Government budget is therefore broadly maintained at 2011/12 levels.

At its meeting on the 4th February 2011, the Board approved a one year revenue budget for 2011/12 and indicative budgets for 2012/13 and 2013/14. Budget planning assumptions reported at that meeting were for a 4% cash reduction by 2013/14 with reductions phased 0.07% in 2012/13 and 0.63% in 2013/14. These planning assumptions were updated with a reduction of 0.7% being made in 2012/13.

The above planning assumption will result in a reduction from the approved budget for 2011/12 of £0.045m. The target budget for 2012/13 is therefore £6.118m.

The Assessor has prepared a service plan which aims to integrate the direction of the service with the revenue budget. Over the coming years the focus will be on improving service delivery and creating efficiencies through improved work practices and procedures.

Borrowing Facilities

The Local Government in Scotland Act 2003 introduced the Prudential Code for capital finance in local authorities. The Board now has the power to decide how much to spend and borrow subject to demonstrating that its plans are prudent and affordable. There was no prudential borrowing in 2011/12.

Treasurer:

Date:

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Karen Kelly CPFA

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LOTHIAN VALUATION JOINT BOARD

STATEMENT OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board's Responsibilities

The Board is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Board, that officer is the Treasurer;
- to manage its affairs to secure economic, efficient and effective use of those resources and safeguard its assets;
- to approve the Statement of Accounts.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Board's Financial Statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code of Practice).

In preparing the financial statements, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice, except where stated in the Policies and Notes to the Financial Statements.

The Treasurer has also:

- kept proper accounting records which are up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Financial Statements

The Financial Statements present a true and fair view of the financial position of the Board as at 31st March 2012, and its income and expenditure for the year ended 31st March 2012.

Treasurer:

Date:

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Karen Kelly CPFA

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LOTHIAN VALUATION JOINT BOARD

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on different reserves held by the Board, analysed into Usable Reserves (that is, those that can be applied to fund expenditure) and Unusable Reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Board's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance before any discretionary transfers to or from other statutory reserves undertaken by the Board.

2010/11 - Previous Year Comparative	Usable Reserves	Unusable Reserves	Total Board Reserves
	General Fund Balance		
	£'000	£'000	£'000
Opening Balances at 1 April 2010	0	11,286	11,286
Movement in reserves during 2010/11			
(Surplus) or deficit on provision of services	(3,408)	0	(3,408)
Other Comprehensive Expenditure and Income	0	(3,352)	(3,352)
Total Comprehensive Expenditure and Income	(3,408)	(3,352)	(6,760)
Adjustments between accounting basis & funding basis under regulations (Note 6.2)	3,408	(3,408)	0
Net increase/decrease before transfers to Other Statutory Reserves	0	(6,760)	(6,760)
Transfers to/from Other Statutory Reserves	0	0	0
Increase/Decrease in 2010/11	0	(6,760)	(6,760)
Balance at 31 March 2011 carried forward	0	4,526	4,526

2011/12 - Current Financial Year	Usable Reserves	Unusable Reserves	Total Board Reserves
	General Fund Balance		
	£'000	£'000	£'000
Opening Balances at 1 April 2011	0	4,526	4,526
Movement in reserves during 2011/12			
(Surplus) or deficit on provision of services	(228)	0	(228)
Other Comprehensive Expenditure and Income	0	(177)	(177)
Total Comprehensive Expenditure and Income	(228)	(177)	(405)
Adjustments between accounting basis & funding basis under regulations (Note 6.1)	228	(228)	0
Net increase/decrease before transfers to Other Statutory Reserves	0	(405)	(405)
Transfers to/from Other Statutory Reserves	0	0	0
Increase/Decrease in 2011/12	0	(405)	(405)
Balance at 31 March 2012 carried forward	0	4,121	4,121

LOTHIAN VALUATION JOINT BOARD

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with the generally accepted accounting practices, rather than the amount to be funded from requisitions. The Board receives requisitions to cover expenditure in accordance with regulations; this may be different from the accounting cost.

2010/11				2011/12		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
1,558	(17)	1,541	Registration of Electors	1,553	(43)	1,510
4,673	(51)	4,622	Local Tax Collection	4,660	(130)	4,530
(3,459)	0	(3,459)	Extraordinary item - change to the basis for calculating pension increases (from Retail Price Index to Consumer Price Index as introduced in the Chancellor's budget statement)	0	0	0
2,772	(68)	2,704	Cost Of Services	6,213	(173)	6,040
			Financing and Investment Income:			
0	0	0	Interest payable & similar charges	0	0	0
0	(3)	(3)	Interest receivable	0	(3)	(3)
31	0	31	Pensions interest cost & expected return on pensions asset:	0	(149)	(149)
31	(3)	28	Total Financing and Investment Income	0	(152)	(152)
			Taxation and Non-Specific Grant Income:			
0	(6,140)	(6,140)	Constituent council requisitions (Note 27)	0	(6,116)	(6,116)
0	(6,140)	(6,140)	Total Taxation and Non-Specific Grant Income	0	(6,116)	(6,116)
2,803	(6,211)	(3,408)	(Surplus) or Deficit on Provision of Services (Note 16.1)	6,213	(6,441)	(228)
			Other Comprehensive Income and Expenditure:			
(3,352)	0	(3,352)	Actuarial (gains) / losses on pension assets / liabilities	(177)	0	(177)
(549)	(6,211)	(6,760)	Total Comprehensive Income and Expenditure	6,036	(6,441)	(405)

LOTHIAN VALUATION JOINT BOARD

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the 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. Reserves are reported in two categories. The first category of reserves are usable reserves, that is, those reserves that the Board may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves are those that the Board is not able to use to provide services. This category of reserves include reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

31 March 2011 £'000		Notes	31 March 2012 £'000
501	Property, plant and equipment	7.1	439
22	Intangible assets	8	24
132	Long-term debtors	25	118
<u>655</u>	Long term assets		<u>581</u>
16	Inventories	10	9
237	Short-term debtors	11	245
609	Cash and cash equivalents	12	751
<u>862</u>	Current assets		<u>1,005</u>
(344)	Short-term creditors	13	(503)
<u>(344)</u>	Current liabilities		<u>(503)</u>
(735)	Other long-term liabilities	26	(700)
(4,964)	Other long-term liabilities (Pensions)	23.4	(4,504)
<u>(5,699)</u>	Long-term liabilities		<u>(5,204)</u>
<u>(4,526)</u>	Net assets		<u>(4,121)</u>
4,526	Unusable reserves	14	4,121
<u>4,526</u>	Total reserves		<u>4,121</u>

Treasurer:

Date:

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Karen Kelly CPFA

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LOTHIAN VALUATION JOINT BOARD

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Board during the reporting period. 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 flow arising from operating activities is a key indicator of the extent to which the operations of the Board are funded by way of requisitions and 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. Cash flows arising from financing activities are useful in predicting claims on future cash flows.

2010/11			2011/12	
£'000	£'000		£'000	£'000
OPERATING ACTIVITIES				
(47)		Cash received for goods and services	(32)	
0		Other local authorities	(99)	
(3)		Interest received	(3)	
(6,129)		Other operating cash receipts	(5,936)	
	(6,179)	Cash inflows generated from operating activities		(6,070)
4,524		Cash paid to and on behalf of employees	4,413	
1,644		Cash paid to suppliers of goods and services	1,484	
	6,168	Cash outflows generated from operating activities		5,897
	(11)	Net cash flows from operating activities (Note 15.1)		(173)
INVESTING ACTIVITIES				
72		Purchase of property, plant and equipment and intangible assets.	31	
0		Proceeds from sales of property, plant and equipment and intangible assets.	0	
	72	Net cash flows from investing activities		31
	0	Net cash flows from financing activities		0
	61	Net (increase)/decrease in cash and cash equivalents (Note 15.2)		(142)
1st April				
670		Cash and cash equivalents	609	
	670			609
31st March				
609		Cash and cash equivalents	751	
	609			751
	61	Net (increase)/decrease in cash and cash equivalents (Note 15.2)		(142)

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES

1.1 General

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) based Code of Practice in the United Kingdom (the Code) and the Service Reporting Code of Practice (SeRCOP). This is to ensure that the Financial Statements "present a true and fair view" of the financial position and transactions of the Board.

From 1st April 2010, the Board implemented the requirements of International Financial Reporting Standards for the first time and these are used for the purpose of preparing the Financial Statements for the year ended 31st March 2012.

The Financial Statements have been prepared on an historic cost basis, modified by the revaluation of certain categories of fixed assets where appropriate.

1.2 Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place and not simply when cash payment is made or received. This means that expenses are recorded when goods or services have been received and income is recorded when goods or services have been provided. This recording is irrespective of whether cash has actually been paid or received in the year.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions, repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments maturing in three months or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

1.4 Changes in Accounting Policies, Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events or conditions on the Board's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, that is, in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.5 Revenue Expenditure

Revenue expenditure is that which does not yield benefit beyond the year of account. In broad terms the revenue expenditure of the Board can be divided into two categories:

- employees;
- day-to-day operating expenses, includes costs incurred in respect of furniture and fittings, and equipment.

All revenue expenditure is accounted for on an accruals basis.

Each year net revenue expenditure is met by way of requisitions on the City of Edinburgh, Midlothian, East Lothian and West Lothian Councils.

1.6 Capital Expenditure

Capital expenditure is presented as a fixed asset in the Balance Sheet. Capital expenditure is the expenditure on the acquisition of tangible or intangible assets which adds to and not merely maintains the value of an existing asset provided that it yields benefits to the Board and the services it provides for a period of more than one year. Capital expenditure is subject to a de-minimis level of £6,000.

These fixed assets are matched by a Capital Adjustment Account within the Balance Sheet. This reserve does not represent resources available to the Board.

1.7 Short Term Debtors and Short Term Creditors

The revenue and capital transactions of the Board are recorded on an accruals basis which means that amounts due to or from the Board, but still outstanding at the year end, are included in the accounts. Where there was insufficient information to provide actual figures, estimates have been included.

1.8 Value Added Tax

Value Added Tax is excluded from the Financial Statements unless it is not recoverable from HM Revenues and Customs.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.9 Non-Current Assets

a) *Intangible Assets*

Recognition:

- Intangible assets are non-current assets that have no physical substance but are identifiable and controlled by the Board and it can be established that there is an economic benefit or service potential associated with the item which will flow to the Board. This expenditure is mainly in relation to software licenses purchased by the Board. Expenditure on the acquisition, creation or enhancement of intangible assets has been capitalised on an accruals basis.

Depreciation:

- Software licences classified as intangible assets are depreciated over the period of the licence, commencing in the year after acquisition.

Measurement:

- Intangible assets are initially measured at cost and included in the Balance Sheet at net historical cost.

b) *Property, Plant and Equipment*

Property, plant and equipment are tangible items held for use by the Board in its provision of service and are expected to be used for more than one financial year. Property, plant and equipment are included in the Balance sheet in the following classes:

- Leasehold improvements;
- Vehicles, plant, furniture and equipment

Recognition:

- Expenditure on the acquisition, creation or enhancement of these non-current assets has been capitalised on an accruals basis, provided that future economic benefits or service potential associated with the item will flow to the Board and the cost of the item can be measured reliably. This expenditure is subject to the application of a de-minimis level of £6,000.

Depreciation:

Depreciation is provided on all property, plant and equipment with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- No depreciation is charged on freehold land;
- Depreciation is not provided in the year of an asset's purchase;
- Depreciation is calculated using the straight-line basis on the opening book value over the remaining useful life of the asset;

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.9 Non-Current Assets (Contd.)

b) *Property, Plant and Equipment (Contd.)*

Depreciation (Contd.):

- Non-current assets are depreciated as follows:

Asset	Years
Property	25
Vehicles, plant and equipment	5

Leasehold improvements are depreciated over the remaining life of the asset.

Measurement:

Property, plant and equipment, and leasehold improvements are measured at depreciated historic cost. This does not comply with the Code, however, the difference is not considered material.

De-recognition:

An asset is de-recognised either on its disposal or where no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from de-recognition of an asset is included in "Surplus or Deficit on the Provision of Service" within the Comprehensive Income and Expenditure Statement when the asset is de-recognised. The gain or loss on de-recognition of property, plant and equipment assets is a reconciling item in the "Movement in Reserves Statement for the General Fund".

Impairment:

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired, that is, that the carrying value of an asset on the Balance sheet exceeds its recoverable amount. Where indications exist and any possible differences are material, the recoverable amount is estimated and an impairment loss is recognised for the shortfall. Impairment losses, if any, are accounted for by debiting any accumulated balance of revaluation gains for the asset held in the Revaluation Reserve or where there is no or insufficient balance in the Revaluation Reserve, by debiting the relevant service line in the Comprehensive Income and Expenditure Statement.

1.10 Overheads and Support Services

The costs of support services are allocated on a basis appropriate to the service provided in order to match costs to service usage. Certain support service costs are provided under a Service Level Agreement between the Board and service provider.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.11 Charges to Comprehensive Income and Expenditure Statement for use of non-current assets

The Comprehensive Income and Expenditure Statement is charged with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the Board;
- Impairment losses, if any, attributable to the clear consumption of economic benefits on property, plant and equipment used by the Board.

The Board is not required to raise requisitions on the constituent councils to cover depreciation or impairment losses. Depreciation and impairment losses are not proper charges under statutory accounting requirements and are therefore a reconciling item in the Movement in Reserves Statement for the General Fund by way of an adjusting transaction with the Capital Adjustment Account.

1.12 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

a) Finance Leases

Leased-in assets

The Board has not identified any leased-in assets that fall under the definition of finance leases.

Leased-out assets

The Board has not identified any leased-out assets that fall under the definition of finance leases.

b) Operating Leases

Leased-in assets

Rental payments, net of benefits received, under operating leases are charged to the Comprehensive Income and Expenditure statement on a straight line basis over the life of the lease.

Leased-out assets

The Board has not identified any leased-out assets that fall under the definition of operating leases.

1.13 Provisions

Provision is made within the Statement of Accounts when the board has a present legal or constructive obligation as a result of a past event, there is a probability of a transfer of economic benefit and a reliable estimate can be made of the obligation. Provisions are charged to the Comprehensive Income and Expenditure Statement in the year in which the Board becomes aware of the obligation.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.14 Contingent Liability

A contingent liability is defined as either a possible obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events, which are not wholly within the control of the Board or a present obligation that arises from past events, but it is not possible that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. If such obligation exist, they are not recognised in the Balance Sheet but are disclosed as a note to the Statement of Accounts.

1.15 Contingent Assets

A contingent asset arises where an event has taken place that gives the Board a possible asset whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, which are not wholly within the control of the Board. If such assets exist, they are disclosed as a note to the Statement of Accounts.

1.16 Employee Benefits

Cost of service includes a charge for annual leave to which employees are entitled, but have not taken as at the Balance Sheet date. The Board is not required to raise requisitions on constituent councils to cover the cost of accrued annual leave. These costs are therefore replaced by revenue provision in the Movement in Reserves Statement for the General Fund balance by way of an adjusting transaction with the Accumulated Absences Account.

1.17 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Board to terminate employees' employment before the normal retirement date or an employee's decision to accept voluntary redundancy. These amounts are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Board is demonstrably committed to either terminating the employment of an employee or making an offer to encourage voluntary redundancy.

1.18 Inventories

Inventories are assets in the form of materials or supplies which are consumed, distributed or held for sale in the ordinary course of the Board's operations. Inventories are included in the Balance Sheet at latest invoice price. This does not comply with the Code, which requires such items to be shown at the lower of cost and net realisable value. The difference is not considered to be material.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.19 Pensions

The Joint Board is an admitted body to the Local Government Pension Scheme (LGPS) which is administered by the Lothian Pension Fund. The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

The Financial Statements have been prepared including pension costs, as determined under International Accounting standard 19 - Employee Benefits (IAS 19). The cost of service in the Comprehensive Income and Expenditure Statement includes expenditure equivalent to the amounts of retirement benefits the Board has committed to pay during the year. Pension interest cost and the expected return on pension assets have been included in the "Surplus or Deficit on the Provision of Services" within the Comprehensive Income and Expenditure Statement.

The pension costs charged to the Comprehensive Income and Expenditure Statement in respect of employees are not equal to contributions paid to the funded scheme for employees. The amount by which pension costs under IAS19 are different from the contributions due under the pension scheme regulations are disclosed in the Movement in Reserves Statement for the General Fund Balance.

Pension assets have been valued at bid value (purchase price), as required under IAS19.

Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund.

1.20 Revenue Contributions

Revenue contributions from constituent councils have been included in the Financial Statements on an accruals basis. Where such contributions remain unspent at the Balance sheet date, but approval has been given to carry these funds forward to the next financial year, these amounts have been set aside in creditors.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.21 Reserves

Reserves held on the Balance Sheet are classified as either usable or unusable. Usable reserves hold monies that can be applied to fund expenditure. Unusable reserves cannot be applied to fund expenditure.

The Board operates the following usable reserves:

a) *General Fund*

This represents the balance of the surpluses or deficits arising from the Comprehensive Income and Expenditure Statement. However, the Board has no statutory powers to hold a general fund balance, there is therefore no balance on the General fund.

The Board operates the following unusable reserves:

b) *Capital Adjustment Account*

This provides a balancing mechanism between the different rates at which assets are depreciated and financed.

c) *Pension Reserve*

This represents the difference between the monies which the Board requires to meet its pension liability as calculated under International Accounting Standards 19, Employee Benefits (IAS 19) and the amount required to be charged to the General Fund in accordance with statutory requirement governing Local Government Pension Scheme.

d) *Accumulated Absences Account*

This represents the net monies which the Board requires to meet its short-term compensated absences for employees under IAS19.

1.22 Financial Instruments

a) *Financial Liabilities*

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. As at 31st March, 2011, the Board had no borrowings.

b) *Financial Assets*

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. The Board holds its surplus funds with the City of Edinburgh Council in a pooled investment arrangement and does not place external deposits in its own name. These sums are presented in the Balance Sheet as the balance due from the City of Edinburgh Council and interest receivable from this investment is credited to the Comprehensive Income and Expenditure Statement.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.22 Financial Instruments (Contd.)

b) Financial Assets (Contd.)

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

1.23 Events After the Balance Sheet Date

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such items;
- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.24 Exceptional Items

When items of income and expenditure are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Board's financial performance.

1.25 Going Concern

It is appropriate to adopt a going concern basis for the preparation of the Financial Statements as the constituent authorities have a legal obligation under the 1995 Combined Area Amalgamation Scheme Order to provide the Joint Board with funding to meet all liabilities as they fall due.

LOTHIAN VALUATION JOINT BOARD

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

Amendments have been made to IFRS7 - Financial Instruments: Disclosures (transfers of financial assets). These were issued in October 2010 and are intended to assist users of financial statements evaluate the risk exposures that relate to transfers of financial assets and the effect of those risks on the Board's financial position

The Board is not aware of any transfers that are covered by the change to IFRS7.

The Financial Instruments accounting policy 1.22 is detailed on pages 19 and 20.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Board has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is high degree of uncertainty about future levels of funding for local government, however, the Board has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Board might be impaired as a result of a need to reduce levels of service provision.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Board about the future or events that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors.

4.1 Property, Plant and Equipment

Uncertainties

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relations to individual assets. The current economic climate may mean that the Board restricts spending on repairs and maintenance which, in turn, may have an effect on the useful lives of the assets.

Effect if Actual Result Differs from Assumptions

If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £0.090m for every year that useful lives had to be reduced.

LOTHIAN VALUATION JOINT BOARD

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (Contd.)

4.2 Pension Liabilities

Uncertainties

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. A firm of consulting actuaries is engaged to provide the Board with expert advice about the assumptions to be applied.

Effect if Actual Result Differs from Assumptions

During 2011/12, the Board's actuaries advised that the balance sheet position has improved since last year. This was principally due to three main factors:

- Public sector pay restraint. The effect of this was to reduce liabilities and results in a positive impact on the balance sheet and CIES. This has been offset by:
- Discount rate - new approach and falling bond yields. The effect of this was to increase liabilities and results in a negative impact on the balance sheet and CIES;
- Investment performance - lower than expected. The effect of this was to reduce assets and results in a negative impact on the balance sheet and CIES.

The following table shows the sensitivity of the results to the changes in the assumptions used to measure the scheme liabilities. Approximate percentage changes and monetary values are shown:

	Approximate % increase to Employer Obligations %	Approximate monetary value £000
0.5% decrease in Real Discount Rate	11%	3,649
1 year increase in member life expectancy	3%	984
0.5% increase in the Salary Increase Rate	4%	1,267
0.5% increase in the Pension Increase Rate	7%	2,330

5. EVENTS AFTER BALANCE SHEET DATE

There are no events after balance sheet date.

LOTHIAN VALUATION JOINT BOARD

6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

6.1 This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Board in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Board to meet future capital and revenue expenditure.

2011/12 - Current Financial Year	Usable Reserves		Unusable Reserves		
	General Fund Balance	Capital Adjustment Account	Pension Reserve	Accumulated Absence Account	Movement in Unusable Reserve
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Charges for depreciation and impairment of non-current assets	(81)	81	0	0	81
Amortisation of intangible assets	(9)	9	0	0	9
Insertion of items not debited or credited to the CIES					
Capital expenditure charged against General Fund Balance	30	(30)	0	0	(30)
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	(481)	0	481	0	481
Reversal of exceptional items relating to retirement benefits debited or credited to the CIES	0	0	0	0	0
Employer's pension contributions and direct payments to pensioners payable in the year	764	0	(764)	0	(764)
Adjustments primarily involving the Employee Statutory Adjustment Account					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	5	0	0	(5)	(5)
Total Adjustments	228	60	(283)	(5)	(228)

LOTHIAN VALUATION JOINT BOARD

6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (Contd.)

6.2 This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Board in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Board to meet future capital and revenue expenditure.

2010/11 - Comparative Figures	Usable Reserves		Unusable Reserves		
	General Fund Balance	Capital Adjustment Account	Pension Reserve	Accumulated Absence Account	Movement in Unusable Reserve
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Charges for depreciation and impairment of non-current assets	(68)	68	0	0	68
Amortisation of intangible assets	(9)	9	0	0	9
Insertion of items not debited or credited to the CIES					
Capital expenditure charged against General Fund Balance	72	(72)	0	0	(72)
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	(790)	0	790	0	790
Reversal of exceptional items relating to retirement benefits debited or credited to the CIES	3,459	0	(3,459)	0	(3,459)
Employer's pension contributions and direct payments to pensioners payable in the year	755	0	(755)	0	(755)
Adjustments primarily involving the Employee Statutory Adjustment Account					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(11)	0	0	11	11
Total Adjustments	3,408	5	(3,424)	11	(3,408)

LOTHIAN VALUATION JOINT BOARD

7. PROPERTY PLANT AND EQUIPMENT

Movements on balances:

	Leasehold Improvements £000's	Vehicles Plant and Equipment £000's	Total Property Plant and Equipment £000's
7.1 <u>Current Year Movements in 2011/12</u>			
Cost or Valuation			
At 1st April 2011	414	321	735
Additions	0	19	19
At 31st March 2012	414	340	754
Accumulated Depreciation			
At 1st April 2011	(64)	(170)	(234)
Depreciation charge	(17)	(64)	(81)
At 31st March 2012	(81)	(234)	(315)
Net Book Value at 31st March 2012	333	106	439
7.2 <u>Comparative Movements in 2010/11</u>			
Cost or Valuation			
At 1st April 2010	404	259	663
Additions	10	62	72
At 31st March 2011	414	321	735
Accumulated Depreciation			
At 1st April 2010	(48)	(118)	(166)
Depreciation charge	(16)	(52)	(68)
At 31st March 2011	(64)	(170)	(234)
Net Book Value at 31st March 2011	350	151	501

LOTHIAN VALUATION JOINT BOARD

7. PROPERTY PLANT AND EQUIPMENT (Contd.)

7.3 Depreciation

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

- Leasehold improvements (buildings) - 25 years
- Vehicles, plant and equipment - 5 years

7.4 Capital Commitments

At 31st March 2012, there were no capital commitments entered into by the Board.

7.5 Revaluations

Property, plant and equipment are shown in the balance sheet at depreciated historic cost.

The significant assumptions applied in estimating the fair values are:

- the property was not inspected - this was neither practical nor considered by the valuer to be necessary for the purpose of the valuation;
- unless stated otherwise, all properties with greater than de-minimus value were assumed to be in reasonable state of repair and have a life expectancy of more than 50 years;
- the valuations were prepared using information from the City of Edinburgh Council's internal records as well as the valuation Roll produced by the Lothian Valuation Joint Board.

	Leasehold Improvements £000's	Vehicles Plant and Equipment £000's	Total Property Plant and Equipment £000's
Carried at historical cost	333	106	439
Valued at fair values as at:			
• 31st March 2012	0	0	0
• 31st March 2011	0	0	0
• 31st March 2010	0	0	0
• 31st March 2009	0	0	0
• 31st March 2008	0	0	0
Total Cost or Valuation	<u>333</u>	<u>106</u>	<u>439</u>

LOTHIAN VALUATION JOINT BOARD

8. INTANGIBLE ASSETS

The Board accounts for its software as intangible assets, to the extent that software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Board. The useful lives assigned to the major software suites used by the Board are:

5 years: GIS and Imaging Application
 Disaster Recovery Solution
 Oracle database operating system.
 Sophos upgrade - Dacoll

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £9,396 was charged to the Comprehensive Income and Expenditure during 2011/12.

The movement on Intangible Assets during the year is as follows:

	2010/11 £'000	2011/12 £'000
Balance at start of year:		
• Gross carrying amounts	46	47
• Accumulated amortisation	(15)	(25)
Net carrying amount at start of year	31	22
Additions	0	11
Amortisation for the period	(9)	(9)
Net carrying amount at end of year	22	24
Comprising:		
• Gross carrying amounts	46	58
• Accumulated amortisation	(24)	(34)
	<u>22</u>	<u>24</u>

LOTHIAN VALUATION JOINT BOARD

9. FINANCIAL INSTRUMENTS

9.1 In accordance with IAS 32 Financial Instruments: Presentation; IAS 39 Financial Instruments: Recognition and Measurement; and FRS 7 Financial Instruments : Disclosures; this note details the make up of financial instruments, both assets and liabilities, the key risks the Board is exposed to in its management of its financial instruments, and how these are managed. From 1st April 2012, the Board will change its Accounting Policy in respect of the transfer of assets to comply with amendments to IFRS 7 issued in October 2010. Initial assessment suggests that the standard will not have a material impact on the financial statements of the Board.

	Long-term		Current	
	31st March 2011 £'000	31st March 2012 £'000	31st March 2011 £'000	31st March 2012 £'000
Investments				
Loans and receivables	0	0	608	750
Creditors				
Trade creditors	0	0	43	36

9.2 Income, Expenses, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	Financial Liabilities measured at amortised cost 31st March 2011 £'000	Financial Liabilities measured at amortised cost 31st March 2012 £'000
Total expense and income in Surplus or Deficit on the Provision of services :		
Interest income	3	3

Fair Values of Assets and Liabilities

- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2011		31 March 2012	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Trade creditors	43	43	36	36
Loans and receivables	608	608	750	750

LOTHIAN VALUATION JOINT BOARD

10. INVENTORIES

	Stationery		Operational equipment	
	2010/11 £'000	2011/12 £'000	2010/11 £'000	2011/12 £'000
Balance at start of year	13	12	3	4
Purchases	25	4	10	3
Expense in year	(26)	(10)	(9)	(4)
Balance at end of year	12	6	4	3

	Consumables		Total	
	2010/11 £'000	2011/12 £'000	2010/11 £'000	2011/12 £'000
Balance at start of year	1	0	17	16
Purchases	2	4	37	11
Expense in year	(3)	(4)	(38)	(18)
Balance at end of year	0	0	16	9

11. SHORT TERM DEBTORS

	31st March 2010 £'000	31st March 2011 £'000
Debtors:		
• HM Revenues and Customs - VAT	36	27
• Rent	57	57
• Car leasing	101	77
• Car purchase advances	8	8
• Insurances	16	14
• Other entities and individuals	19	62
	237	245

LOTHIAN VALUATION JOINT BOARD

12. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	31st March 2011 £'000	31st March 2012 £'000
Cash held by the Board	1	1
Other local authorities	608	750
	<hr/>	<hr/>
	609	751
	<hr/>	<hr/>

13. SHORT TERM CREDITORS

	31st March 2011 £'000	31st March 2012 £'000
Other local authorities	(228)	(270)
Employee costs	(86)	(82)
Valuation Appeals Panel - Secretary's fees	(26)	(22)
Other entities and individuals	(4)	(129)
	<hr/>	<hr/>
Total	(344)	(503)
	<hr/>	<hr/>

14. UNUSABLE RESERVES

	31st March 2011 £'000	31st March 2012 £'000
14.1 Capital Adjustment Account	(524)	(465)
14.2 Pension Reserve	4,964	4,504
14.3 Accumulated Absence Account	86	82
	<hr/>	<hr/>
	4,526	4,121
	<hr/>	<hr/>

LOTHIAN VALUATION JOINT BOARD

14. UNUSABLE RESERVES (Contd.)

14.1 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 is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Board as finance for the costs of acquisition, construction and enhancement.

Note 5 provides details of all the transactions posted to the Account.

	2010/11 £'000	2011/12 £'000
Balance at 1st April	(529)	(524)
Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
• Charges for depreciation and impairment of non-current assets	68	80
• Revaluation losses on Property, Plant and Equipment	0	0
• Amortisation of intangible assets	9	9
• Amounts of non-current assets written off on gain/loss on disposal to CIES	0	0
	<hr/>	<hr/>
Net written out amount of the cost of non-current assets consumed in year	(452)	(435)
Capital financing for the year:		
• Use of capital receipts to finance new capital expenditure	0	0
• Statutory provision for the financing of capital expenditure	(72)	(30)
	<hr/>	<hr/>
Balance at 31st March	(524)	(465)

14.2 Pension Reserve

The Pension 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 substantial 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.

LOTHIAN VALUATION JOINT BOARD

14. UNUSABLE RESERVES (Contd.)

14.2 Pension Reserve (Contd.)

	2010/11 £'000	2011/12 £'000
Balance at 1st April	11,740	4,964
Actuarial gains or losses on pension assets and liabilities	(3,352)	(177)
Reversals 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.	(2,669)	481
Employer's pension contributions and direct payments to pensioners payable in the year.	(755)	(764)
Balance at 31st March	4,964	4,504

14.3 Accumulated Absences Account

The Accumulated Absences 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, for example, annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

	2010/11 £'000	2010/11 £'000	2011/12 £'000	2011/12 £'000
Balance at 1st April		75		86
Settlement or cancellation of accrual made at the end of the preceeding year	(75)		(86)	
Amounts accrued at the end of the current year	86		82	
Amount by which officer remuneration charged to the Comprehensive Income and expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		11		(4)
Balance at 31st March		86		82

LOTHIAN VALUATION JOINT BOARD

15. CASH FLOW STATEMENT

15.1 Reconciliation between the General Fund Balance and the revenue activities net cash flow.

	2010/11 £'000	2011/12 £'000
Net increase/(decrease) in the General Fund Balance	0	0
Exclude accumulated absences	11	(5)
Exclude revenue contribution to capital	(72)	(30)
	<hr/>	<hr/>
	(61)	(35)
(Decrease)/increase in revenue debtors	17	7
(Decrease)/increase in long term debtors	(6)	(19)
(Decrease)/increase in stocks	(1)	(6)
(Decrease)/increase in car purchase advances	22	5
Decrease/(increase) in deferred credit	35	35
Decrease/(increase) in revenue creditors	(17)	(160)
	<hr/>	<hr/>
Revenue activities net cash flow	(11)	(173)

15.2 Reconciliation of the movement in cash with the related items in the opening and closing balance sheets for the period.

	2010/11 £'000	2011/12 £'000
Due by/(to) the City of Edinburgh Council at 31st March	669	608
Due by/(to) the City of Edinburgh Council at 1st April	608	750
	<hr/>	<hr/>
(Increase)/decrease in cash	61	(142)

16. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Board on the basis of budget reports analysed across functions. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement),
- the cost of retirement benefits is based on cash flows (payments of employer's pensions contributions) rather than current service cost of benefits accrued in the year,

LOTHIAN VALUATION JOINT BOARD

16. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS (Contd.)

16.1 2011/12 - Current Year	2011/12
Service Information	£'000
Fees, charges and other service income	(174)
Interest and investment income	(3)
Income from requisitions	(6,158)
Govt grants and other contributions	0
	<u>(6,335)</u>
Employee expenses	4,607
Other operating expenses	1,614
Support Services	72
	<u>6,293</u>
Cost of Services	(42)

Reconciliation to Net Cost of Service in Comprehensive Income and Expenditure Statement

Cost of Service in Service Analysis	(42)
Add: amounts not reported to management	715
Remove: amounts reported to management not included in CIES	5,367
Net Cost of Services in CIES	<u>6,040</u>

	Service Analysis	Not Reported to Mgnt	Not Included in CIES	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Deficit on Provision of Service
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Reconciliation to Subjective Analysis

Fees, charges and other income	(174)	0	0	0	(174)	0	(174)
Interest and investment income	(3)	0	3	0	0	(3)	(3)
Income from requisitions	(6,158)	0	6,158	0	0	(6,116)	(6,116)
Govt grants and other contribns	0	0	0	0	0	0	0
Total Income	(6,335)	0	6,161	0	(174)	(6,119)	(6,293)
Employee expenses	4,607	625	(764)	29	4,497	0	4,497
Other operating expenses	1,614	0	(30)	43	1,627	0	1,627
Support Services	72	0	0	(72)	0	0	0
Depreciation, amort & impair	0	90	0	0	90	0	90
Interest payments	0	0	0	0	0	(149)	(149)
Gain/Loss on disposal of assets	0	0	0	0	0	0	0
Total Expenditure	6,293	715	(794)	0	6,214	(149)	6,065
Surplus or Deficit on the provision of service	(42)	715	5,367	0	6,040	(6,268)	(228)

LOTHIAN VALUATION JOINT BOARD

16. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS (Contd.)

16.2 2010/11 - Comparative figures	2010/11
Service Information	£'000
Fees, charges and other service income	(67)
Interest and investment income	(3)
Income from requisitions	(6,368)
Govt grants and other contributions	0
	<hr/>
	(6,438)
	<hr/>
Employee expenses	4,523
Other operating expenses	1,609
Support Services	78
	<hr/>
	6,210
	<hr/>
Cost of Services	(228)

Reconciliation to Net Cost of Service in Comprehensive Income and Expenditure Statement

Cost of Service in Service Analysis	(228)
Add: amounts not reported to management	(2,612)
Remove: amounts reported to management not included in CIES	5,544
	<hr/>
Net Cost of Services in CIES	2,704

	Service Analysis	Not Reported to Mgmt	Not Included in CIES	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Deficit on Provision of Service
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Reconciliation to Subjective Analysis

Fees, charges and other income	(67)	0	0	0	(67)	0	(67)
Interest and investment income	(3)	0	3	0	0	(3)	(3)
Income from requisitions	(6,368)	0	6,368	0	0	(6,140)	(6,140)
Govt grants and other contribns	0	0	0	0	0	0	0
	<hr/>						
Total Income	(6,438)	0	6,371	0	(67)	(6,143)	(6,210)
	<hr/>						
Employee expenses	4,523	(2,689)	(755)	31	1,110	0	1,110
Other operating expenses	1,609	0	(72)	47	1,584	0	1,584
Support Services	78	0	0	(78)	0	0	0
Depreciation, amort & impair	0	77	0	0	77	0	77
Interest payments	0	0	0	0	0	31	31
Gain/Loss on disposal of assets	0	0	0	0	0	0	0
	<hr/>						
Total Expenditure	6,210	(2,612)	(827)	0	2,771	31	2,802
	<hr/>						
Surplus or Deficit on the provision of service	(228)	(2,612)	5,544	0	2,704	(6,112)	(3,408)

LOTHIAN VALUATION JOINT BOARD

17. MEMBERS ALLOWANCES

The Board paid the following amounts to members during the year:

	2010/11 £000's	2011/12 £000's
Salaries	9	9
Allowances	0	0
Expenses	0	0
Total	<u>9</u>	<u>9</u>

Details are contained in the Remuneration Report (page 52)

18. EXTERNAL AUDIT COSTS

The Board has incurred the following costs in relation to the audit of the Statement of Accounts:

Fees payable in respect of:	2010/11 £000's	2011/12 £000's
<ul style="list-style-type: none">external audit services carried out by the appointed auditor for the year	8	7
<ul style="list-style-type: none">statutory inspection	0	0
	<u>8</u>	<u>7</u>

19. GRANT INCOME

There was no revenue grant credited to the Comprehensive Income and Expenditure Statement in 2011/12 (2010/11 £0).

20. 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.

20.1 Scottish Government

The Scottish Government is responsible for providing the statutory framework within which the Board operates. It provides the majority of the Board's funding in the form of grants to the constituent councils, and prescribes the terms of many of the transactions that the Board has with other parties. Constituent councils provide funding to the Board at the start of each financial year. Grants received are set out in the subjective analysis in Note 16, Amounts Reported for Resource Allocation Decisions. Grant receipts at 31st March, 2012 are shown in Note 19, Grant Income.

LOTHIAN VALUATION JOINT BOARD

20. RELATED PARTIES (Contd.)

20.2 Members

Members of the Board have direct control over the Board's financial and operating policies. The total of members' allowances paid in 2011/12 is shown in Note 17 and the Remuneration Report.

20.3 Other Parties

During the year, the Board entered into the following transactions with related parties:

	2010/11 £000's	2011/12 £000's
• The City of Edinburgh Council		
Rates	158	165
Central support costs	78	72
Interest on revenue balances	(3)	(3)
Constituent council contribution	3,921	3,770
Car purchase advances	22	13
Due from City of Edinburgh Council	608	750
Long term debtor - lease of office	118	113
• Midlothian Council		
Constituent council contribution	576	559
• East Lothian Council		
Constituent council contribution	700	679
• West Lothian Council		
Constituent council contribution	1,171	1,150

21. TERMINATION BENEFITS

There were three employee contracts terminated by the Board during 2011/12. These are shown in the Remuneration Report - Exit Packages (page 53).

LOTHIAN VALUATION JOINT BOARD

22. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Board, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Board that has yet to be financed.

	2010/11 £000's	2011/12 £000's
Opening Capital Financing Requirement	0	0
Capital investment		
• Property, Plant and Equipment	72	19
• Intangible assets	0	11
Sources of finance		
• Capital receipts	0	0
• Direct revenue contributions	(72)	(30)
Closing Capital Financing Requirement	0	0

23. DEFINED BENEFIT PENSION SCHEMES

23.1 Participation in Pension Schemes

As part of the terms and conditions of employment of its staff, 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 that needs to be disclosed at the time that employees earn their future entitlement.

The Board participates in the following post employment scheme:

- Local Government Pension Scheme (LGPS) - a funded defined benefit statutory scheme as administered by the City of Edinburgh Council's Lothian Pension Fund. The LGPS is administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

A funded defined benefit final salary scheme, requires the Board and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

LOTHIAN VALUATION JOINT BOARD

23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

23.2 Transactions Relating to Post-employment Benefits

The Board recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2010/11 Local Govt Pension Scheme	2011/12 Local Govt Pension Scheme
Comprehensive Income and Expenditure Statement		
Cost of Services:		
• Current service costs	759	630
• Past service costs	0	0
• Exceptional item - change from RPI to CPI	(3,459)	0
• Settlements and curtailments	0	0
Financing and Investment Income and Expenditure		
• Interest cost	1,938	1,804
• Expected return on scheme assets	(1,907)	(1,953)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of services	(2,669)	481
Other Post Employment Benefit Charged to the CIES:		
• Actuarial (gains) and losses	(3,352)	(177)
Total Post Employment Benefit Charged to the CIES	(3,352)	(177)
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	3,424	283
Actual amount charged against the General Fund Balance for pensions in the year:		
• Employers' contributions payable to the scheme	684	689
• Contributions in respect of unfunded benefits	71	75
	755	764

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31st March 2012 is a gain of £0.177m (2010/11 gain of £3.352m).

LOTHIAN VALUATION JOINT BOARD

23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

23.3 Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2010/11 Local Govt Pension Scheme	2011/12 Local Govt Pension Scheme
Opening balance at 1st April	37,647	32,763
Current Service Cost	759	630
Interest cost	1,938	1,804
Contributions by scheme participants	242	237
Contributions in respect of unfunded benefits	(71)	(75)
Actuarial gains and losses	(3,819)	(1,848)
Benefits paid	(474)	(715)
Past service costs	0	0
Exceptional item - change from RPI to CPI	(3,459)	0
Curtailments	0	0
Settlements	0	0
	32,763	32,796
Closing balance at 31st March	32,763	32,796

Reconciliation of fair value of the scheme assets:

	2010/11 Local Govt Pension Scheme	2011/12 Local Govt Pension Scheme
Opening balance at 1st April	25,907	27,799
Expected rate of return	1,907	1,953
Actuarial gains and losses	(467)	(1,671)
Employer contributions	684	689
Contributions by scheme participants	242	237
Benefits paid	(474)	(715)
Settlements	0	0
	27,799	28,292
Closing balance at 31st March	27,799	28,292

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

LOTHIAN VALUATION JOINT BOARD

23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

23.4 Scheme History

	2007/08	2008/09	2009/10	2010/11	2011/12
	£'000s	£'000s	£'000s	£'000s	£'000s
Present value of liabilities:					
• Local Government Pension Scheme	(24,382)	(21,254)	(37,647)	(32,763)	(32,796)
Fair value of assets in the Local Government Pension Scheme					
Surplus/(deficit) in the scheme:					
• Local Government Pension Scheme	22,982	18,766	25,907	27,799	28,292
Total	(1,400)	(2,488)	(11,740)	(4,964)	(4,504)

The liabilities show the underlying commitments that the Board has in the long run to pay post-employment (retirement) benefits. The total liability of £4.504m has a substantial impact on the net worth of the Board as recorded in the Balance Sheet, resulting in a negative overall balance of £4.121m. However statutory arrangements for funding the deficit mean that the financial position of the Board remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (that is, before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid

23.5 History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserve in 2011/12 can be analysed into the following categories, measured as a percentage of the assets or liabilities at 31st March 2012:

	2007/08	2008/09	2009/10	2010/11	2011/12
	£'000s	£'000s	£'000s	£'000s	£'000s
Differences between expected and actual return on assets:					
• Local Government Pension Scheme	(10.4%)	34.6%	20.6%	(1.7%)	(5.9%)
Experience gains and losses on liabilities:					
• Local Government Pension Scheme	0.2%	12.0%	0.0%	0.0%	8.1%

LOTHIAN VALUATION JOINT BOARD

23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

23.6 Basis for Estimating Assets and Liabilities

Liabilities have been Assessed on an actual basis using the projected unit credit method, an estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, independent actuaries.

	2010/11	2011/12
	Local Govt	Local Govt
	Pension	Pension
	Scheme	Scheme
The principal assumptions used by the actuary have been:		
Long term expected rate of return on assets in the scheme:		
• Equities	7.5%	6.2%
• Bonds	4.9%	4.0%
• Property	5.5%	4.4%
• Cash	4.6%	3.5%
Mortality assumptions - longevity at 65 for current pensioners:		
• Men	20.8 years	20.4 years
• Women	24.1 years	22.8 years
Mortality assumptions - longevity at 65 for future pensioners:		
• Men	22.3 years	22.6 years
• Women	25.7 years	25.4 years
Rate of inflation	2.8%	2.5%
Rate of increase in salaries	5.1%	4.8%
Rate of increase in pensions	2.8%	2.5%
Rate for discounting scheme liabilities	5.5%	4.8%
Expected return on assets	7.0%	5.8%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the assets held:

	31st March	31st March
	2011	2012
Equity investments	79%	79%
Debt instruments	8%	8%
Other assets	13%	13%
	100%	100%

LOTHIAN VALUATION JOINT BOARD

24. LEASES

Operating Leases

The Board currently occupies land and buildings listed below by entering into the following operating lease:

- 17a South Gyle Crescent - offices

	2010/11 £000's	2011/12 £000's
The future minimum lease payments due in future years are:		
<ul style="list-style-type: none">Not later than 1 year	305	305
<ul style="list-style-type: none">Later than 1 year not later than 5 years	1,526	1,526
<ul style="list-style-type: none">Later than 5 years	4,578	4,273
	<hr/>	<hr/>
	6,409	6,104
	<hr/>	<hr/>

The Board has no finance lease obligations.

25. LONG TERM DEBTORS

The long term debtor is in respect of a cash incentive received by the Board on its relocation of offices to its new premises at 17a South Gyle Crescent (Note 23 Leases refers). The cash incentive is amortised on a straight line basis over the term of the lease. A 25 year lease was entered into in December 2006, the remaining life amounts to 21 years, consequently £5,642 will be written to the Comprehensive Income and Expenditure Statement each year.

	2010/11 £000's	2011/12 £000's
<ul style="list-style-type: none">Cash incentive:		
Balance at 1st April	124	118
Amortised to Comprehensive Income and Expenditure Statement	(6)	(6)
	<hr/>	<hr/>
Balance at 31st March	118	112
<ul style="list-style-type: none">Car purchase advances	14	6
	<hr/>	<hr/>
	132	118
	<hr/>	<hr/>

26. OTHER LONG TERM LIABILITIES

The Board relocated to its new offices in December 2006. As part of the agreement, the landlord agreed to pay a cash incentive of £0.400m on date of entry and £0.475m in 2011. This will be amortised on a straight line basis totalling £0.035m per annum over 25 years, the term of the lease.

	2010/11 £000's	2011/12 £000's
Balance at 1st April	(770)	(735)
Amortised to Comprehensive Income and Expenditure Statement	35	35
	<hr/>	<hr/>
Balance at 31st March	(735)	(700)
	<hr/>	<hr/>

LOTHIAN VALUATION JOINT BOARD

27. CONSTITUENT COUNCIL REQUISITIONS

The net expenditure of the Board is a charge upon the City of Edinburgh Council, West, East and Midlothian Councils. The division of net expenditure borne by the constituent councils is made in accordance with the Valuations Joint Boards (Scotland) Order 1995.

	Amount due for 2011/12 £000's	Amount received 2011/12 £000's	Creditor established 2011/12 £000's
City of Edinburgh Council	3,744	3,770	(26)
Midlothian Council	555	559	(4)
East Lothian Council	674	679	(5)
West Lothian Council	1,143	1,150	(7)
	<hr/>	<hr/>	<hr/>
	6,116	6,158	(42)

The Board agreed a recommendation to fund future liabilities for early release measures from the 2011/12 underspend. This is represented by the creditor to the constituent councils as shown above.

28. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

All Treasury Management is carried out on the Board's behalf by the City of Edinburgh Council. The Council complies with the CIPFA Prudential Code, and has adopted the CIPFA Treasury Management in the Public Services Code of Practice. The City of Edinburgh Council, on behalf of the Board, has overall risk management procedures that focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks.

The Board's activities expose it to a variety of financial risks which have been assessed in order to determine whether or not such risks have, in order to comply with financial instrument accounting requirements, an impact on these financial statements. For all of the financial risks, the impact on financial statements was found to be immaterial. Each risk is detailed below along with an explanation as to why there is no financial effect arising:

- Re-financing risk - the possibility that the Board might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms is considered immaterial because although the Board has powers to obtain loan finance, no such loans were held during the year;
- Market risk - the possibility that financial loss might arise for the Board as a result of changes in such measures as interest rate movements is considered immaterial because the finances of the Board are such that during the year there was no interest payable and interest receivable was immaterial;
- Credit risk - the possibility that other parties might fail to pay amounts due to the Board is considered immaterial on the basis of past experience and the fact that most debt payable to the Board is due from other public bodies;

29. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Contd.)

- Liquidity risk - the possibility that the Board might not have funds available to meet its commitments to make payments is considered immaterial given the statutory responsibility that the Board has to have a balanced budget and that constituent authorities have to fund the activities of the Board.
- Price risk - the possibility that fluctuations in equity prices has a significant impact on the value of financial instruments held by the Board is considered immaterial because the Board does not generally invest in equity shares.
- Foreign exchange risk - the possibility that fluctuations in exchange rates could result in loss to the Board is considered immaterial because there are no financial assets or liabilities held at the year end denominated in foreign currencies.

The Board holds its surplus funds with the City of Edinburgh Council and does not place external deposits in its own name. The balance held by and due from the City of Edinburgh Council at 31st March 2012 amounted to £0.750m (2010/11 £0.608m). No breaches of the Board's counterparty criteria occurred during the reporting period and the Board does not expect any losses from non-performance by any of its counterparties in relation to deposits. During the reporting period, the Board held no collateral as security.

LOTHIAN VALUATION JOINT BOARD

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Lothian Valuation Joint Board aims to ensure best value and provide equitable, customer focussed, high quality, professional valuation and electoral services for all its stakeholders.

The Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for, and used economically, efficiently, effectively and ethically. The Board also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these overall responsibilities, Elected Members and Senior Officers are responsible for implementing proper arrangements for the governance of the Board's affairs, and facilitating the effective exercise of its functions, including arrangements for management of risk.

The Board has approved and adopted a Local Code of Corporate Governance that is consistent with the principles, and reflects the requirements, of the CIPFA/SOLACE framework Delivering Good Governance in Local Government and is supported by detailed evidence of compliance, which is regularly reviewed. A copy of the code is on our website www.lothian-vjb.gov.uk or can be obtained from the Assessor.

This statement explains how Lothian Valuation Joint Board delivers good governance and reviews the effectiveness of those arrangements. It also includes a statement on internal financial control in accordance with proper practice.

The Board's Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Board is directed and controlled, and its activities through which it accounts to, engages with and influences 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 services. The framework reflects the arrangements in place to meet the six supporting principles of effective corporate governance.

- Focusing on the purpose of the Board and on outcomes for the community, and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Board and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective;
- Engaging with local people and other stakeholders to ensure robust public accountability.

LOTHIAN VALUATION JOINT BOARD

ANNUAL GOVERNANCE STATEMENT (Contd.)

The Board's Governance Framework (Contd.)

A significant part of the governance framework is the system of internal control which is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board's policies, aims and objectives. These are outlined in the Board's annual Corporate & Service Plan. This will enable the Board to manage its key risks efficiently, effectively, economically and ethically. While the system of internal control is designed to manage risk at a reasonable level it cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

Within overall control arrangements the system of internal control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

Determining the Board's purpose, its vision for the local area and intended outcomes for the Community

The Board has communicated its vision in the Corporate & Service Plan. Delivery of the vision is the responsibility of the Board, the Assessor, Depute Assessor and Heads of Service. The Board has developed a partnership approach when working with other authorities.

Review of Effectiveness

The Board has put in place arrangements, detailed in the Local Code, for monitoring each element of the framework and providing evidence of compliance. A Principal Officer within Lothian Valuation Joint Board has been nominated to review the effectiveness of the Local Code and will report annually to the Board.

The review of the effectiveness of its governance framework including the system of internal financial control is informed by:

- the work of the internal auditors and the Chief Internal Auditor's Annual Statement on the adequacy and effectiveness of the Board's system of internal financial control;
- the Assessor's Certificate of Assurance on internal control;
- the operation and monitoring of controls by Board Managers; and
- the External Auditors in their Annual Audit Letter and other reports;

Through the year Elected Members and Officers have responsibility for the development and maintenance of the governance environment. These review mechanisms include:

- **The Lothian Valuation Joint Board** provides strategic leadership, determines policy aims and objectives and takes executive decisions not delegated to officers. It provides political accountability for the Board's performance.
- **Internal Audit** provides an independent and objective assurance service to the Board who complete a programme of reviews throughout the year, to provide an opinion on internal control, risk management and governance arrangements of Lothian Valuation Joint Board.

LOTHIAN VALUATION JOINT BOARD

ANNUAL GOVERNANCE STATEMENT (Contd.)

Review of Effectiveness (Contd.)

- **Audit Scotland's Annual Audit Report** is considered by the Board along with the output from other external audits.
- **The Strategic, Operational and Project Risk Registers** are reviewed as part of the Board's Corporate and Service Plan (the Corporate and Service Plan is approved by the Board). Key risks are monitored quarterly by the Board. This ensures that actions are taken to effectively manage the Board's highest risks.
- **The Monitoring Officer** is responsible to the Board for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Certification

In compliance with accounting practice, the Treasurer had provided the Chief Executive with a statement on the adequacy and effectiveness of the Board's internal financial control system for the year ended 31st March 2012. It is the Treasurer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's internal control system.

During the year, the Chief Internal Auditor reviewed changes to the current corporate governance arrangements and systems of internal control and his findings are included in the Chief Internal Auditor's Annual Report.

From this year's review there is evidence that the Code is operating effectively with overall compliance by the Board in all significant areas of its corporate governance arrangements.

Acting Convener of Lothian Valuation Joint Board:

Date:

.....
Lisa Beattie

.....

Chief Executive and Clerk:

Date:

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Sue Bruce MPhil LLB Dip FRSA

.....

Assessor:

Date:

.....
Joan M. Hewton BSc, FRICS

.....

Treasurer:

Date:

.....
Karen Kelly, CPFA

.....

LOTHIAN VALUATION JOINT BOARD

REMUNERATION REPORT

The Remuneration Report provides details of the Board's remuneration policy for its senior employees and states how remuneration arrangements are managed. Senior employees within the Board are defined as those having the responsibility for the management of the Board to the extent that they can direct or control the major activities of the Board. This includes activities involving the expenditure of money, during the year to which the report relates, whether solely or collectively with other persons.

As well as providing details of the Board's remuneration policy, the Remuneration Report will also show:

- Details of the number of employees whose remuneration was £50,000 or more, which will be disclosed in pay bands of £5,000;
- Details of remuneration paid to senior employees of the Board for 2011/12;
- Details of the Board's senior employees who participate in the Local Government Pension Scheme, administered by the Lothian Pension Fund, and the benefits provided under the scheme.

1. Audit of Remuneration Report

All information disclosed in the remuneration tables in this Remuneration Report has been audited by Audit Scotland and all other sections of the Remuneration Report has been reviewed to ensure that they are consistent with the financial statements.

2. Remuneration policy

The Lothian Valuation Joint Board is responsible for approving the remuneration level of the Assessor and Electoral Registration Officer, and the Depute Assessor, these being the only Chief Official posts within the Board. The Scottish Joint Negotiating Committee (SJNC) for Local authority Services sets the salaries for the Chief Officials of Scottish local authorities and is responsible for agreeing annual inflationary increases. The post of Assessor and Electoral Registration Officer was reviewed at the creation of the Joint Board in 1996. Advice on such matters is received from the Human Resources division of the City of Edinburgh Council and from the Director of Corporate Services, City of Edinburgh Council, who is currently the Monitoring Officer to the Board.

The salaries of all other employees is set by reference to the Scottish Joint Council for Local Government Employees for all other categories of staff. The Board's Scheme of Delegation provides the Assessor and Electoral Registration Officer with delegated authority to appoint employees within agreed staffing and expenditure levels. The City of Edinburgh Council provides remuneration advice and assistance to the Board on request.

The Convener and Vice-Convener of the Board are remunerated by the Council of which they are a council member. The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183).

The Board has an arrangement with each council that remunerates the Convener and Vice-Convener to reimburse the Council for the additional costs of that councillor arising from them being a Convener or Vice-Convener of the Board. The disclosures made in this report are limited to the amounts paid to the council by the Board for remuneration and does not reflect the full value of the remuneration that may be paid to the councillor.

LOTHIAN VALUATION JOINT BOARD

REMUNERATION REPORT (Contd.)

2. Remuneration policy (Contd.)

All other members of the Board are remunerated by the Council of which they are a council member.

The position of Chief Executive is provided and remunerated by the City of Edinburgh Council.

In 2011/12 the Board had two senior employees and the remuneration paid to these employees totalled £0.207m.

3. Pension Entitlement of Senior Employees

The Board's senior employees participate in the Local Government Pension Scheme administered by the Lothian Pension Fund. This is a final salary pension scheme which 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. The scheme's normal retirement age for employees is 65.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls in to each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contribution rates were set at 6% for all non manual employees.

The tiers and members contributions rates for 2011/12 are as follows:

On earnings up to and including £18,500 (5.5%), on earnings above £18,500 and up to £22,600 (7.25%), on earnings above £22,600 and up to £30,900 (8.5%), on earnings above £30,900 and up to £41,200 (9.5%) and on earnings above £41,200 (12%).

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) pension for a lump sum payment up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of 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 3/80ths of final pensionable salary and years of pensionable service.

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 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.

LOTHIAN VALUATION JOINT BOARD

REMUNERATION REPORT (Contd.)

4. Remuneration by Pay Band

Details of the Board's employees receiving more than £50,000 remuneration for the year, excluding employer's pension contributions are:

Remuneration Band	Number of Employees	
	2010/11	2011/12
£50,000 - £54,999	-	1
£55,000 - £59,999	2	1
£60,000 - £64,999	1	1
£65,000 - £89,999	-	-
£90,000 - £94,999	1	1
£95,000 - £109,999	-	-
£110,000 - £114,999	1	1
Totals	5	5

5. Remuneration paid to Senior Employees

The table below details remuneration paid to senior employees within the Board. Senior Employees are defined as having the responsibility for management of the Board to the extent that they can direct or control the major activities of the Board. This includes activities involving the expenditure of money, during the year to which the report relates, whether solely or collectively with other persons.

Name and Post Title	Salary, Fees and Allowances 31 March 2011 £	Salary, Fees and Allowances 31 March 2012 £
	J.Hewton - Assessor and Electoral Reg Officer	115,240
G. Strachan - Depute Assessor	92,268	92,042
Total	207,508	206,508

LOTHIAN VALUATION JOINT BOARD

REMUNERATION REPORT (Contd.)

6. Pension Entitlement of Senior Employees

<u>In-year pension contributions</u>		For year to 31 March 2011 £	For year to 31 March 2012 £
Name and Post Title			
J.Hewton - Assessor and Electoral Reg Officer		23,216	23,783
G. Strachan - Depute Assessor		18,638	19,093
<u>Accrued Pension Benefits</u>		As at 31 March 2012 £'000	Difference from 31 March 2011 £'000
Name and Post Title			
J.Hewton - Assessor and Electoral Reg Officer	Pension	45	3
	Lump sum	117	2
G. Strachan - Depute Assessor	Pension	37	2
	Lump sum	97	0

All senior employees shown in the tables above are members of the Local Government Pension Scheme.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, not solely their current appointment.

7. Remuneration of Convener and Vice Conveners

The following table provides details of the remuneration paid to the Board's Convener and Vice-Convener:

	Salary, fees and allowances £	Taxable Expenses £	Total Remun. 2011/12 £	Total Remun. 2010/11 £
S.Mclvor - Convener	5,408	0	5,408	5,714
L.Beattie - Vice-Convener	3,768	0	3,768	3,768
	9,176	0	9,176	9,482

LOTHIAN VALUATION JOINT BOARD

REMUNERATION REPORT (Contd.)

8. Exit Packages

The following information details the number, and total cost, of exit packages agreed, grouped in rising bands of £20,000 up to £100,000, and bands of £50,000 thereafter. This is analysed between compulsory redundancies and other departures.

Exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs.

Exit Packages Band	Number of Employees		Total Cost	
	2010/11	2011/12	2010/11 £	2011/12 £
£0 - £20,000	-	2	-	39,222
£20,001 - £40,000	-	-	-	-
£40,001 - £60,000	-	-	-	-
£60,001 - £80,000	-	-	-	-
£80,001 - £100,000	-	1	-	91,437
Totals	0	3	0	130,659

There have been no compulsory redundancies entered into by the Board during 2011/12. Costs are in respect of voluntary retirements which were approved on the basis of Regulation 30 (Rule of 85) of the Pension Fund Regulations. Costs incurred by the Board reflect the pension strain costs in respect of retirements before 60 years of age and there were no costs in respect of added years, ex-gratia payments or other departure expenses.

Chief Executive and Clerk:

Date:

.....
Sue Bruce MPhil LLB Dip FRSA

Treasurer:

Date:

.....
Karen Kelly, CPFA

PERFORMANCE REPORT 2011/2012

1 INTRODUCTION

This report is provided to accompany the unaudited accounts to allow members of the Board to consider performance and budgetary achievements together. Key Performance Indicators for the work of Assessors in Scotland are in place for Valuation Roll and Council Tax and are submitted annually to the Scottish Government. Internal performance standards are also set for staff to ensure the organisation meets appropriate standards in all work undertaken.

Performance standards for the work of EROs are submitted to the Electoral Commission in December each year following the Annual Canvass. Each year since the introduction in 2009, we had matched or exceeded all 10 of the required performance standards. Unfortunately, after accepting the self-assessment standards submitted in December 2011, the Electoral Commission reviewed their approach and an additional criterion was introduced across the UK. Subsequently in May this year the Commission downgraded one of the Lothian performance standards. As a Scottish Assessors' Association representative, I attended a meeting with representatives from the Electoral Commission to discuss the inappropriateness of the re-assessment and their inconsistency of approach across the UK.

Performance is monitored on an ongoing basis and formally assessed in line with the Performance Review and Development policy

2 ELECTORAL REGISTRATION

A separate electoral report provides details of the performance achieved and tasks undertaken during the electoral year.

3 VALUATION ROLL

The Valuation Roll operates under a five year rolling programme. A revaluation is carried out 5 yearly with the last revaluation being effective from 1 April 2010 and the next revaluation scheduled for 2015.

In general terms the assessor will take three years to dispose of revaluation appeals and two years to prepare for the next revaluation. During the quinquennium the Roll is constantly updated to take account of internal and external changes to properties which affect value and this consequently generates an additional appeals workload.

The/...

- 3/ The statistics in this report provide sufficient history to allow comparison with similar or corresponding years' pressure points.

3.1 Alterations to the Valuation Roll

The principal indicator in this area relates to the length of time taken to amend the Valuation Roll to reflect changes which have taken place. The number of amendments is shown and also the change in the total annual value of the Valuation Roll in each year.

In general terms, stakeholders prefer the Valuation Roll to be amended as quickly as possible after a change has taken place in order to facilitate stable financial planning and improving the cash flow to the rating pool. The KPIs show actual performance against estimated performance for 2005/6 to 2011/12 and targets we aim to achieve for 2012/13.

Valuation Roll	No changes	Rateable Value 1/4	Rateable Value 31/3	0 – 3 months %		3 – 6 months %		> 6 months %	
				Target	Actual	Target	Actual	Target	Actual
2005/6	3531	903,178,666	1,042,428,524	52	62.8	26	19.1	22	18.2
2006/7	3314	1,042,428,524	1,050,213,188	57	74.9	28	13.9	15	11.2
2007/8	4206	1,050,213,188	1,058,508,620	65	83.26	25	11.63	10	5.11
2008/9	4258	1,058,508,620	1,056,910,140	70	80.77	20	11.53	10	7.7
2009/10	3792	1,056,910,140	1,068,384,758	80	78.1	15	11.1	5	10.8
2010/11	3,476	1,259,913,732	1,274,347,293	82	78.02	14	13.55	4	8.43
2011/12	3,114	1,274,347,293	1,277,889,313	80	71.77	15	15.35	5	12.88
2012/13		1,277,889,313		75		13		12	

Unfortunately the organisation has failed to meet the target performance figures for 2011/12. It was a very difficult year dealing with an abundance of appeals with reduced staff numbers and perhaps my targets were a little ambitious in the circumstances. The economic decline has resulted in many more taxpayers lodging appeals and proceeding to appeal hearing. Such appeals are very costly and also very time intensive for staff therefore having a knock on effect on all professional work. I have no doubt that staff have had a very difficult year trying to carry out all work required.

I have reduced the performance target for 2012/13 and hope that through hard work and sound management that target can be attained.

3.2 Appeal Settlements

For each of the relevant years the Assessor provides figures for the total amount of adjustment to net annual value arising from appeal settlements. This figure is expressed as a percentage of the total net annual value of the Valuation Roll as at 1 April in the relevant year. This indicator allows the Scottish Government to estimate the financial implications arising from the settlement of rating appeals.

/....

3.2/

Valuation Year	No. of Appeals Dealt With	Target Percentage	Actual Percentage
2005/6	1,239	1%	0.12%
2006/7	3,938	2%	0.365%
2007/8	3,641	1%	1.491%
2008/9	1625	1%	1.66%
2009/10	1,224	0.5%	1.06%
2010/11	1,700	1%	0.09%
2011/12	6,655	2%	0.44%
2012/13	(10,000)		

The target number of revaluation appeals to be disposed of during 2011/12 was 5,000. As a result of the ever increasing number of running roll appeals being received it was decided to increase the rate of disposal and the target was reviewed to 7,000. I am pleased to say that an additional 1,655 appeals were resolved during the year providing an excellent start to the appeal disposal programme. I am also delighted to see the appeals loss being lower than expected which I believe demonstrates the level of accuracy at the revaluation.

During spring this year the appeal disposal programme was interrupted by a legal issue which required a case to proceed to the Lands Valuation Appeal Court for a legal opinion of the Lands Court Judges.

There remains approximately 2,300 revaluation appeals plus 6,200 running roll appeals from 2010/11 and a further 7,700 appeals lodged in 2011/12. As all those appeals must be dealt with by 31st December 2013 staff will have an exceptionally heavy workload until that date.

The target disposal number set for the 2012/13 year has been increased to 10,000 appeals.

4 COUNCIL TAX

Council Tax continues in a rolling programme with no revaluation allowed for within the legislation.

The main work involves updating details of alterations carried out to properties, inspection and banding of all new dwellings, consideration of all domestic sales evidence and re-banding when a property which has been previously altered has been sold

4.1 Council Tax – New Dwellings

The number of new dwellings entering the Council Tax List is important to local taxation as this is a potential source for additional revenue.

The/...

4.1/ The table below shows that the number of new houses added in the year 2011/12 is again down from the previous year. Although the market is still very sluggish the number of dwellings on the list continues to rise year on year.

Valuation List	No. of CT Entries@ 1/4	New houses added
2005/6	368,539	4,288
2006/7	372,242	5,515
2007/8	377,051	5,323
2008/9	381,301	4,345
2009/10	384,837	3,984
2010/11	387,636	3,768
2011/12	390,642	3,410
2012/13	393,065	

Although the number of new dwellings entering the List has dropped my technical staff have been involved with tasks outwith their normal day to day activities. I would like to express my thanks to them for their positive attitude towards multitasking through another very busy year.

4.2 Council Tax Performance

The criteria used in establishing Council Tax indicators are derived in a similar way to those for the Valuation Roll.

Council Tax payers require notification of their banded valuation, and hence their financial liability, as soon as possible after they have taken occupation of the new property. Cash flow to the authority, arising from insertions of new entries is also affected by how quickly entries are made on the Valuation List.

The KPIs show actual performance for 2005/6 to 2011/12 and the performance targets for 2012/13.

Valuation List	0-3 months	3-6months	Over 6 months
2005/6	81.2	12.4	6.4
2006/7	84.8	11.3	3.9
2007/8	93.22	5.17	1.62
2008/9	94.13	4.53	1.33
2009/10	95.36	2.46	2.18
2010/11	94.98	4.06	0.96
2011/12	96.72	2.35	0.93
2012/13	(95)	(3)	(2)

4.2/ The time taken to add new dwellings to the Council Tax List has now reached a high level of 96.72% within 3 months and my aim is to maintain that high standard.

4.3 Council Tax – Altered Bands 2009/10

Council Tax Bands are altered for properties where the property has been extended and subsequently sold i.e the new tax payer will pay tax on the altered band. Council Tax Bands are not altered when a dwelling is extended or improved, it is only when the property is subsequently sold that the new Band takes effect.

Valuation List	Point of Sale Band Changes	Sales Added
2005/6	329	29,903
2006/7	189	31,998
2007/8	240	31,264
2008/9	374	16,841
2009/10	105	14,402
2010/11	163	14,537
2011/12	180	15,492

The above table shows that the number of Council Tax Bands altered as a result of dwellings having been altered and subsequently sold remains at a relatively low number compared to the high of 2008/09. The low numbers since 2009/10 are almost certainly reflective of the economic situation thus the lower number of house sales taking place during the financial years.

5 BEST VALUE

I consider that the organisation has continued to review practices, policies and procedures on an ongoing basis ensuring that we operate within a Best Value framework at all times.

I am very pleased with the performance achieved during this very difficult year especially with no salary increases available to staff. The budgetary cuts over the last few years have resulted in a much reduced workforce. Due to some resignations and retirements I fortunately have some finance available within my staffing budget. As I have concerns about the workload imposed on the professional staff and consider that it has reached a limit where it is impossible to reduce further I have considered it necessary to advertise for additional professional staff to ensure that I can meet my statutory duties. Likewise I have decided to advertise for 2 trainee electoral and property administrators to ensure that I have sufficient, well trained staff in place to deal with the introduction of individual electoral registration.

Reviews/....

- 5/ Reviews of structure are now carried out regularly and I am pleased to say that all changes move seamlessly into operation this due in no small way to my exceptional and dedicated senior management team who work together with a view to attaining best practice and an efficient and effective organisation.

My thanks go particularly to the senior management team and also to the staff and to the Joint Board for the support provided.

Joan Hewton
Assessor & Electoral Registration Officer

29 June 2012



Board Treasurer – Interim Arrangements

29 June 2012

Purpose of report

- 1 To advise of interim arrangements for the Joint Board's Treasurer in light of changes to the senior management structure within the City of Edinburgh Council's (the Council) Corporate Governance Directorate.

Background

- 2 On 28 November 2011, the Joint Board appointed the Council's Head of Financial Services and Chief Financial Officer as Treasurer pending a review of the Council's Corporate Governance Directorate.

Main Report

- 3 On 28 June 2012 the Council will consider a report on interim senior management arrangements in the Corporate Governance Directorate. As a result of the implementation of a new directorate structure, Hugh Dunn will be appointed acting Head of Finance and the Council will be asked to endorse his designation as Chief Financial Officer for a period of six months. The Clerk will report on the Council's decision.

Recommendation

- 4 The Joint Board is asked to appoint the Council's interim Chief Financial Officer, as Treasurer to the Joint Board for a period of six months.

Sue Bruce
Chief Executive and Clerk

Appendices	None
Contact/tel	Rhona Sinclair, Office of the Chief Executive and Clerk ☎ 529 4238; ✉ rhona.sinclair@edinburgh.gov.uk
Background Papers	Minute of the Lothian Valuation Joint Board of 28 November 2011 Minute of the City of Edinburgh Council 28 June 2012

Future Meeting Arrangements June 2012 to June 2013

29 June 2012

Purpose of Report

- 1 To advise members of the proposed schedule of meetings for the Lothian Valuation Joint Board for the period to June 2013 and arrangements for meetings of the Joint Consultative Group.

Main report

- 2 The meetings of the Lothian Valuation Joint Board have been arranged on an approximate twelve-week cycle adjusted, as far as possible, to take into account the meeting schedules of the constituent authorities represented on the Board.
- 3 It has been normal practice to schedule meetings of the Joint Consultative Group (JCG) approximately two weeks in advance of the Board. However, as these meetings have been infrequent, agreement has been reached with the trade union (UNISON) that, apart from a scheduled JCG prior to the budget meeting on 1 February 2013, meetings will be arranged on an “on request” basis.
- 4 Proposed dates for meetings of the Joint Board and the JCG for the period to June 2013 are shown below. Specific meetings are included to consider the Joint Board’s Revenue Budget for 2013/14 as well as the Unaudited Accounts for 2011/12 and 2012/13.

Proposed Date	Time
Friday 29 June 2012 (Unaudited Accounts)	10.00 am
Monday 3 September 2012	10.30 am
Monday 26 November 2012	10.30 am
Friday 1 February 2013 (JCG)	To be confirmed
Friday 1 February 2013 (Revenue Budget)	To be confirmed
Monday 18 March 2013	10.30 am
Friday 28 June 2013 (Unaudited Accounts)	10.30 am

Recommendation

- 5 To approve the schedule of meetings as detailed for the period June 2012 to June 2013.

Sue Bruce
Chief Executive and Clerk

Appendices	None
Contact/tel	Rhona Sinclair, Office of the Chief Executive and Clerk ☎ 529 4238; ✉ rhona.sinclair@edinburgh.gov.uk
Background Papers	None

Internal Audit – Annual Report

29th June 2012

1 Purpose of Report

This report highlights the work carried out by Internal Audit for the Financial Year 2011/2012. This report will assist the Board in promoting internal control and monitoring of audit performance.

2 Summary

- 2.1 Due to the size of the organisation, LVJB has no Audit Committee. The External Auditor has however recommended that an Annual Report is provided by the Chief Internal Auditor. This report meets this requirement.
- 2.2 Overall reasonable assurance can be placed upon the internal controls in place within the Board and I am pleased to include my Statement of Assurance at Appendix 1.
- 2.3 My statement, along with the work of Managers in LVJB and External Audit, help inform the Treasurer in her review of the effectiveness of the Board's System of Internal Financial Control contained within the Draft Annual Governance Statement at Appendix 2. Although considered unlikely, it should be noted that any major issues raised by the External Auditor in the audit of the accounts could affect the draft Statement.
- 2.4 Internal Audit and the management of the Board have reviewed the corporate governance arrangements against best practice and concluded that the arrangements are fully compliant.

Main Report

3 Governance

- 3.1 Together with LVJB's management, a review of the corporate governance arrangements within the Board has been undertaken and the Draft Corporate Governance Statement is included at Appendix 2.

4 Promotion of Internal Control

- 4.1 The Internal Audit Section ensures a systematic appraisal of the Board's control environment and framework of internal controls by being active in a number of areas within the Board. The Section's work is based upon a risk analysis of the Board's activities to ensure that the limited resources of the Section are used in the most effective way.
- 4.2 The Section has also provided the Board with ongoing advice on Corporate Governance issues including the review of the Local Code of Corporate Governance and updating the framework that demonstrates compliance with the code.

5 Annual Assurance Statement

- 5.1 Within the Accounting Code of Practice there is a requirement for the Treasurer to sign an annual statement on the adequacy of the internal controls in place within the financial systems.
- 5.2 As part of her Assurance Statement it is recommended that the Treasurer reports on the arrangements within the Board for internal audit provision. It is also recommended that the Chief Internal Auditor reports on the financial controls in place.
- 5.3 Internal audit staff carried out a high level review of the adequacy and effectiveness of the Board's system of internal financial control for the year to March 31st 2012. This work, completed in April 2012, supplemented our annual programme of internal audit activity and provided documentary evidence to support the overall assessment of the Board's system of internal control. The continued development of risk management arrangements has been noted.
- 5.4 The following areas of work provided additional support to this assessment of the Board's system of financial control:
 - Internal Audit and LVJB's management review of corporate governance arrangements;
 - a programme of testing of the payroll and creditors payment system is being undertaken by Internal Audit staff. This work will allow reliance to be placed on the controls within these major financial systems;
 - a Certificate of Assurance signed on behalf of the Assessor to the effect the controls in place are sound;

6 Focus of Audit Resources

- 6.1 The Annual Audit Plan for the period to 30 September 2012 (Internal Audit Planning year) includes:
 - an annual review of internal financial control in LVJB to support the development of the Board's Corporate Governance Arrangements, and to provide evidence for the Treasurer's Annual Statement on the System of Internal Financial Control for the year to 31 March 2012;
 - assistance to the Board in addressing any areas noted in the Treasurer's Statement; and

- advice and opinion as required.

7 Monitoring of Performance

- 7.1 Action plans are agreed with management on all recommendations made within the reports issued and appropriate follow-up arrangements are put in place.

8 Recommendations

- 8.1 The Board is requested to:

- Note the contents of this report.
- Note the Draft Statement on Corporate Governance contained in Appendix 2

IAN STIRTON
Chief Internal Auditor

Appendices Appendix 1 – Annual Statement by the Chief Internal Auditor
 Appendix 2 – Draft Annual Governance Statement 2011/12

Contact/Tel Ian Stirton, Chief Internal Auditor (0131) 469 3194

**Background
Papers** None

To the Members of Lothian Valuation Joint Board, the Treasurer, the Chief Executive and Clerk

As Chief Internal Auditor of the City of Edinburgh Council and provider of the internal audit service for the Lothian Valuation Joint Board, I am pleased to present my Annual Statement on the adequacy and effectiveness of the internal control system of the Board for the year ended 31 March 2012.

Respective Responsibilities of Management and Internal Auditors in relation to Internal Control

It is the responsibility of the Board's senior management to establish an appropriate and sound system of internal control and to monitor the continuing effectiveness of that system. It is the responsibility of the Chief Internal Auditor to provide an annual overall assessment of the robustness of the internal control system. The agreed Internal Audit Strategy ensures that I have in place a planning mechanism to enable me to deliver a formal opinion on the internal control environment within the Board. The formal movement away from purely financial controls to a mixture of financial and non-financial risks ensures that audit opinion is available on the major controls the Board has in place to meet the risks it faces in delivery of its aims and objectives.

Sound Internal Controls

The main objectives of the Board's internal control systems are:

- To ensure that its aims and objectives can be met
- To ensure adherence to management policies and directives
- To safeguard assets
- To ensure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records
- To ensure compliance with statutory requirements

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the Board is continually seeking to improve the effectiveness of its systems of internal control.

The Work of Internal Audit

Internal Audit is an independent appraisal and assurance function established by the Treasurer for the review of the Board's control environment, comprising risk management, control and governance. It objectively examines, evaluates and reports on the financial and operational controls within the Board, and provides an opinion on the effectiveness of the control environment in achieving the Board's objectives.

The Internal Audit Section operates in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Internal Audit in Local Government and complies with the ISO 9001:2008 quality standard. The Section undertakes an annual programme of work which is reported to the Board. The audit plan is based on a formal risk assessment process and audit needs assessment, which are revised on an ongoing basis to reflect evolving risks and changes within the Board.

The Annual Audit Plan for the Lothian Valuation Joint Board is based upon the agreed strategy and is split between work that is required to:

- be carried out annually on the major financial systems to support the Chief Internal Auditor's opinion on financial controls which is used to inform the Treasurer's formal statement on control;
- support the Convener, Chief Executive and Clerk, the Assessor and Treasurer's Annual Statement on Corporate Governance; and
- ensure the effectiveness of the controls that mitigate the risks that would prevent the Valuation Board achieving its aims and objectives set out in its Service Plan.

In addition, a rolling programme based upon risk is used to cover all other areas of internal control. This rolling programme together with the annual coverage helps to inform my opinion on the adequacy and effectiveness of the control environment.

All internal audit reports identifying system weaknesses and/or non-compliance with expected controls are brought to the attention of management and include appropriate recommendations and agreed action plans. It is management's responsibility to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on audit recommendations. The Internal Auditor is required to ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that Management has understood and assumed the risk of not taking action. Significant matters including non-compliance with audit recommendations arising from internal audit work are reported to the Board.

Basis of Opinion

My evaluation of the control environment is informed by a number of sources:

- the audit work undertaken by internal audit during the year to 31 March 2012 including the ongoing assessment of the effectiveness of the Board's risk management arrangements;
- reports issued by the Board's external auditors, Audit Scotland, and other review agencies; and
- my knowledge of the Board's governance, risk management and performance monitoring arrangements.

Limitation of Scope

The Board delivers its main financial functions through the City of Edinburgh Council's major financial systems. A programme of continuous testing of the Payroll system and the Creditors' Payments system is being undertaken by Internal Audit staff. I have relied upon this ongoing work in addition to the planned internal audit work undertaken for the Board during the year to 31 March 2012.

Enhancing the Board's Control Environment

Having reviewed the above, it is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's internal control system. I have noted the progress, which has been made during the year to improve the control environment.

Opinion

It is my opinion, based on the above, that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's internal control system in the year to 31 March 2012.

Ian Stirton, Chief Internal Auditor

Date

1. Scope of Responsibility

Lothian Valuation Joint Board aims to ensure best value and provide equitable, customer focussed, high quality, professional valuation and electoral services for all its stakeholders.

The Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for, and used economically, efficiently, effectively and ethically. The Board also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these overall responsibilities, Elected Members and Senior Officers are responsible for implementing proper arrangements for the governance of the Board's affairs, and facilitating the effective exercise of its functions, including arrangements for management of risk.

The Board has approved and adopted a Local Code of Corporate Governance that is consistent with the principles, and reflects the requirements, of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government* and is supported by detailed evidence of compliance, which is regularly reviewed. A copy of the code is on our website www.lothian-vjb.gov.uk or can be obtained from the Assessor.

This statement explains how Lothian Valuation Joint Board delivers good governance and reviews the effectiveness of those arrangements. It also includes a statement on internal financial control in accordance with proper practice.

2. The Board's Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Board is directed and controlled, and its activities through which it accounts to, engages with and influences 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 services. The framework reflects the arrangements in place to meet the six supporting principles of effective corporate governance.

- Focusing on the purpose of the Board and on outcomes for the community, and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Board and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective;
- Engaging with local people and other stakeholders to ensure robust public accountability.

A significant part of the governance framework is the system of internal control which is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board's policies, aims and objectives. These are outlined in the Board's annual Corporate & Service Plan. This will enable the Board to manage its key risks efficiently, effectively, economically and ethically. While the system of internal control is designed to manage risk at a reasonable level it cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

Within overall control arrangements the system of internal control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

3. Determining the Board's purpose, its vision for the local area and intended outcomes for the Community

The Board has communicated its vision in the Corporate & Service Plan. Delivery of the vision is the responsibility of the Board, the Assessor, Depute Assessor and Heads of Service. The Board has developed a partnership approach when working with other authorities.

4. Review of Effectiveness

The Board has put in place arrangements, detailed in the Local Code, for monitoring each element of the framework and providing evidence of compliance. A Principal Officer within Lothian Valuation Joint Board has been nominated to review the effectiveness of the Local Code and will report annually to the Board.

The review of the effectiveness of its governance framework including the system of internal financial control is informed by:

- the work of the internal auditors and the Chief Internal Auditor's Annual Statement on the adequacy and effectiveness of the Board's system of internal financial control;
- the Assessor's Certificate of Assurance on internal control;
- the operation and monitoring of controls by Board Managers; and
- the External Auditors in their Annual Audit Letter and other reports;

Through the year Elected Members and Officers have responsibility for the development and maintenance of the governance environment. These review mechanisms include:

- **The Lothian Valuation Joint Board** provides strategic leadership, determines policy aims and objectives and takes executive decisions not delegated to officers. It provides political accountability for the Board's performance.
- **Internal Audit** provides an independent and objective assurance service to the Board who complete a programme of reviews throughout the year, to provide an opinion on internal control, risk management and governance arrangements of Lothian Valuation Joint Board.
- **Audit Scotland's Annual Audit Report** is considered by the Board along with the output from other external audits.
- **The Strategic, Operational and Project Risk Registers** are reviewed as part of the Board's Corporate and Service Plan (the Corporate and Service Plan is approved by the Board). Key risks are monitored quarterly by the Board. This ensures that actions are taken to effectively manage the Board's highest risks.
- **The Monitoring Officer** is responsible to the Board for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

5. Certification

In compliance with accounting practice, the Treasurer had provided the Chief Executive with a statement on the adequacy and effectiveness of the Board's internal financial control system for the year ended 31st March 2012. It is the Treasurer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's internal control system.

During the year, the Chief Internal Auditor reviewed changes to the current corporate governance arrangements and systems of internal control and his findings are included in the Chief Internal Auditor's Annual Report.

From this year's review there is evidence that the Code is operating effectively with overall compliance by the Board in all significant areas of its corporate governance arrangements.

Convenor of
Lothian Valuation
Joint Board:

Councillor Norman Work

Date

Chief Executive and
Clerk:

Sue Bruce

Date

Assessor:

Joan Hewton

Date

Treasurer:

Karen Kelly

Date

ANNUAL REPORT ON EQUALITIES 2011/2012

1 INTRODUCTION

The Equality Act 2010 has, since 1 October 2010, consolidated all the previous anti discrimination laws (Sex Discrimination Act 1975, Equal Pay Act 1970, Race Relations Act 1976, Disability Discrimination Act 1995, Employment Equality (Religion or Belief) Regulations 2003, Employment Equality (Sexual Orientation) Regulations 2003 and Employment Equality (Age) Regulations 2006), which are now repealed with the exception of Schedules 6 and 8 to the Employment Equality (Age) Regulations 2006 which remain in force.

On the 27 May 2012, The Equality Act 2010 (Specific Duties) (Scotland) Regulations came into force. Under these Regulations authorities are required, in the light of the duty of equality, to assess and review policies and practices, gather and use employee information, and consider criteria and conditions used in procurement.

As a result, by 30 April 2013 an authority is required to publish, a mainstreaming report, information on equality outcomes, information on gender pay gaps, and a statement on equal pay and occupational segregation.

Prior to publication this report shall be provided to the Board for approval.

2. GENERAL PRINCIPLES

- 2.1 The Joint Board will not knowingly commit any act of direct discrimination against an individual (except in the case of direct age discrimination).
- 2.2 The Joint Board will not adopt any policies, procedures, rules or practices that could put people who share a particular protected characteristic at a disadvantage (known as indirect discrimination).
- 2.3 The Joint Board will not victimise staff or stakeholders who have complained, or whom they know intend to complain, that they have suffered discrimination, nor those who have assisted others in making complaints.

3. PROTECTED CHARACTERISTICS

The Equality Act defines what are called “protected characteristics” ie grounds on which discrimination is unlawful. The protected characteristics are:-

/....

3/

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation

4. ACTIONS/INITIATIVES

4.1 LVJB Web Site

The LVJB web-site has undergone a number of changes aimed at providing our stakeholders with easier access to key information.

This, amongst other developments, involves quicker access to forms and downloads, immediately available information on key events and dates, and the option to operate Readspeak and view the content in different languages.

Development is ongoing with a view to increasing the availability of interactive services.

4.2 Interpretation and Translation Service

All major notifications that are sent to stakeholders from the organisation now carry the Interpretation and Translation service logo and contact information.

On request, translation into a number of different languages can now be provided.

4.3 Electoral Registration – Schools

All schools in the West Lothian Council Area were visited by staff as part of the Democracy Challenge in partnership with West Lothian Council. During this students were given the opportunity to complete registration forms. As a result 350 names were added to the register.

List of school attainers were received from all other constituent Councils and where names did not appear on the household canvass forms individual registration forms were issued to the individual student. This resulted in 377 new registrations.

Posters encouraging registration were also issued to all secondary schools prior to the Election and Referendum held on 5 May 2011.

4.4 /....

4.4 Electoral Registration – Colleges & Universities

Staff visited Stevenson and Telford Colleges and registration posters were issued to West Lothian College, Oatridge Agricultural College, Jewell & Esk Valley College, Queen Margaret University, Herriot Watt University, Edinburgh Napier University and Newbattle Abbey College.

4.5 Electoral Registration – Information Stands

Display stands and electoral registration staff provided elector information at the following venues during February and March 2011:-

- Central Library, Edinburgh
- Penicuik Centre, Penicuik
- Royal Infirmary of Edinburgh
- Brunton Hall, Musselburgh
- Almondvale Shopping Centre, Livingston
- Civic Centre, Livingston

4.6 Electoral Registration – Carers Organisations

The following organisations have been contacted with a view to encouraging the distribution of posters and provision of electoral registration advice to carers and those they care for.

- MENCOPP (Minority Ethnic Carers of Older People)
- Care for Carers, Edinburgh Carers of East Lothian
- Carers of West Lothian
- Carers of East Lothian
- Vocal, Edinburgh
- Vocal, South Edinburgh
- North West Carers Centre, Edinburgh

4.7 Electoral Registration – Homeless Organisations

The following homeless organisations were contacted; Edinburgh Cyrenians, Cyrenians Farm Community, Newlands Supported Accommodation Project, and the Quentin Homeless Unit. All of the organisations mentioned were issued with posters for display and the Housing Options & Access Manager with the City of Edinburgh Council also distributed an advice sheet on electoral registration to all staff who deal with homeless people.

4.8 Electoral Registration – Advertising

Poster advertising was undertaken within Haymarket Station and on a number of bus shelters/...

4.8/ shelters and phone boxes throughout the Lothians area. In conjunction with the Boards own website, Council web sites promoted registration at key times within the year.

Adverts were also placed in the Armed Forces (Services) magazine for the Lothian area.

4.9 Electoral Registration – Citizenship Ceremonies

Joint Board staff have attended Citizenship Ceremonies during 2011 and 89 electors have been added to the register as a result.

5. ACCESS TO BUILDINGS, FUNCTIONS & SERVICES

The Joint Board offices have an induction loop at reception, an accessible entrance, lifts to all floors and disabled toilets/showers. We have made every effort to ensure our website is as accessible by as many people as possible. This website has been tested for compatibility with the latest versions of the most popular stand-alone browsers, including Microsoft Internet Explorer, Mozilla Firefox and Opera. They are all free to download. Correspondence can be provided in any size font and translation/tape can be provided on many policies, documents and forms, on request. A small number of requests have been received and provided.

6. CONCLUSION

Lothian Valuation Joint Board continues to promote equality for all staff and stakeholders and is committed to ensuring that the Equalities Policy is adhered to. It is our mission to ensure our services are accessible to all, by continually investigating any opportunities to promote the services that are provided on behalf of the constituent councils.

Graeme Strachan
Depute Assessor and Electoral Registration Officer

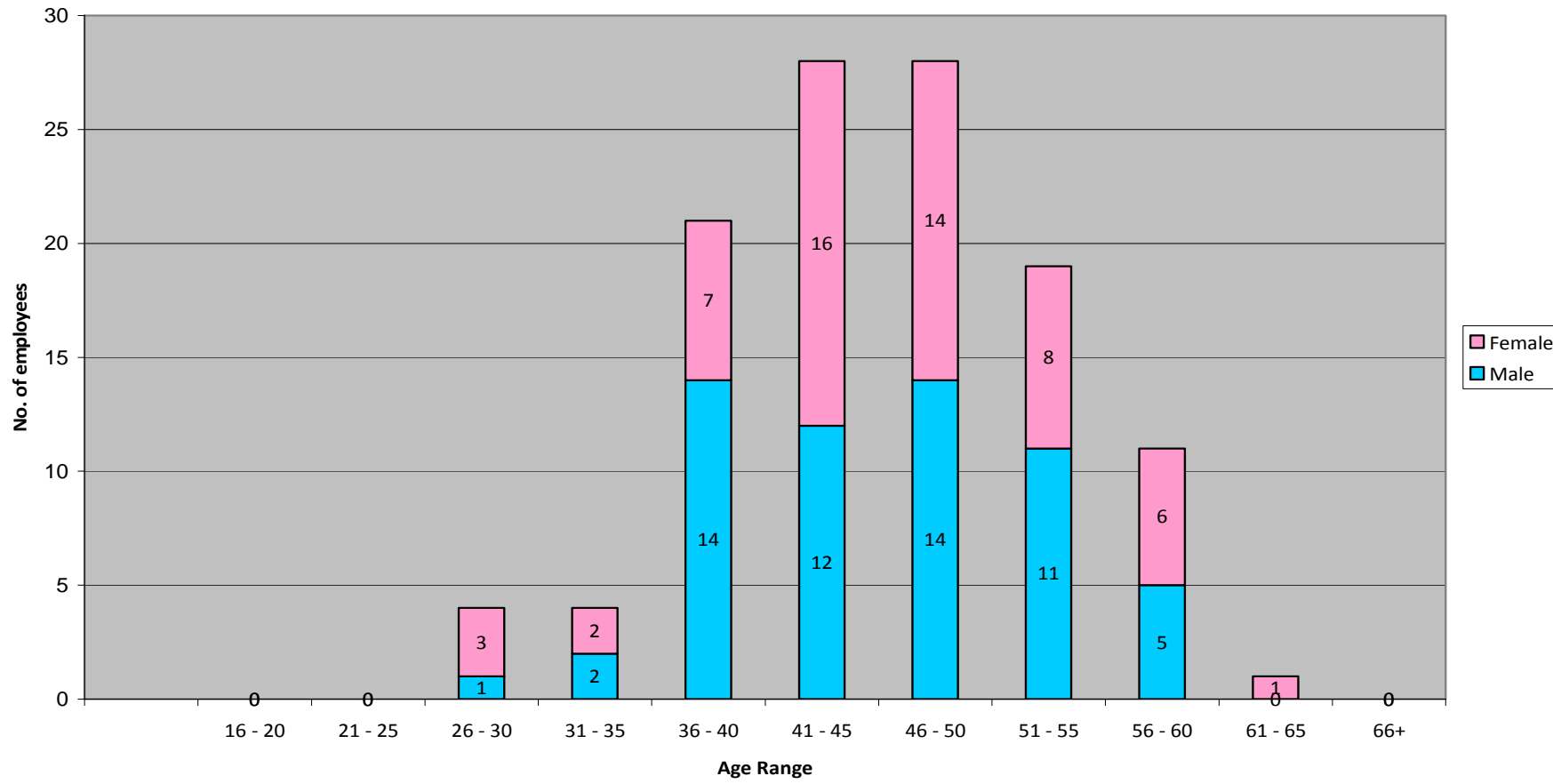
APPENDICES

1. Employees Age
2. LVJB Training
3. LVJB Salaries
4. Working Patterns/Flexible Working in LVJB
5. Applicants in 2011
6. Applications received and Successful Candidates

7. LVJB Leavers
8. LVJB Employees by Ethnic Origin, Gender and Disability

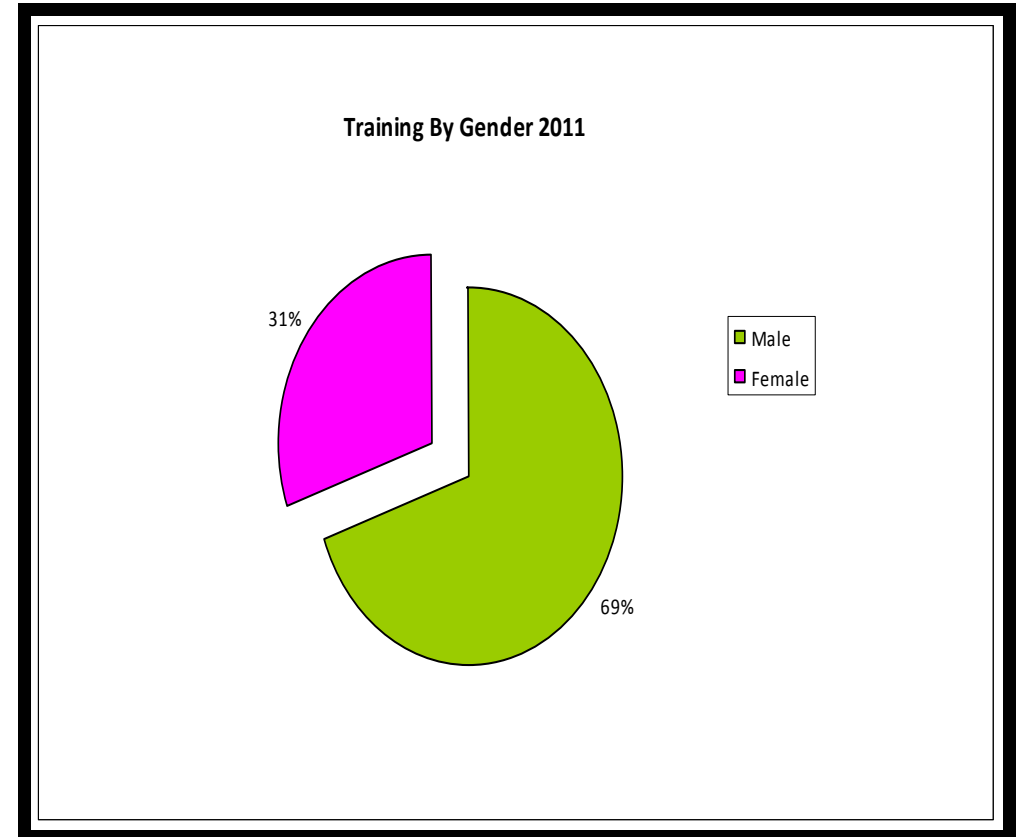
Appendix 1

LVJB Employee Age Range - At 31 December 2011



Appendix 2

TRAINING BY AGE 2011 All LVJB Employees		
Age Categories	Training Days	
	M	F
16 - 20	0	0
21 - 25	0	0
26 - 30	0	1
31 - 35	1	0
36 - 40	15	2
41 - 45	10	3
46 - 50	7	4
51 - 55	7	8
56 - 60	0	0
61 - 65	1	0
65+	0	0
Total:	41	18

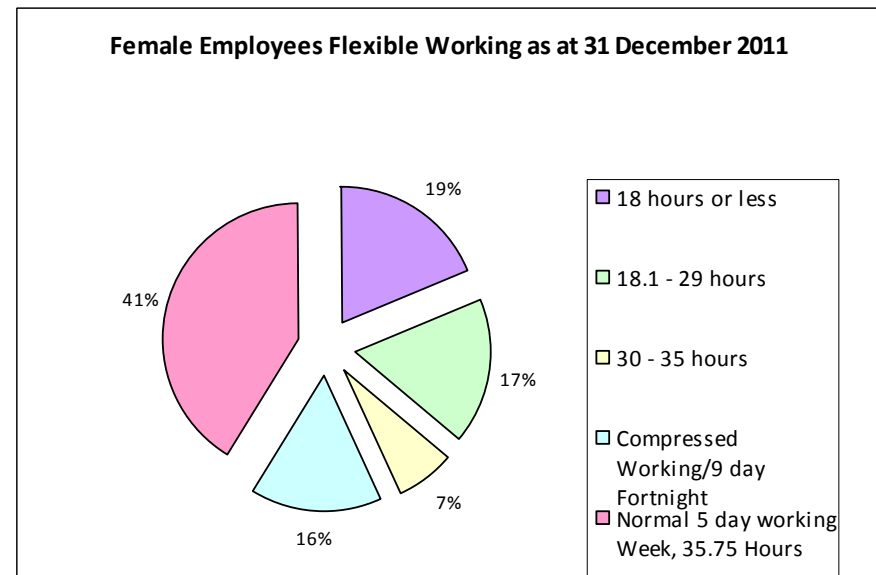
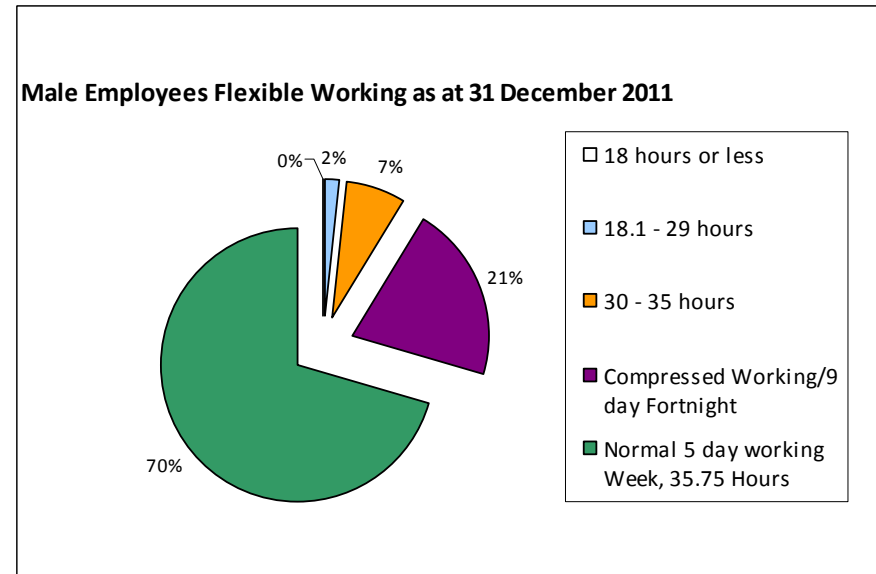
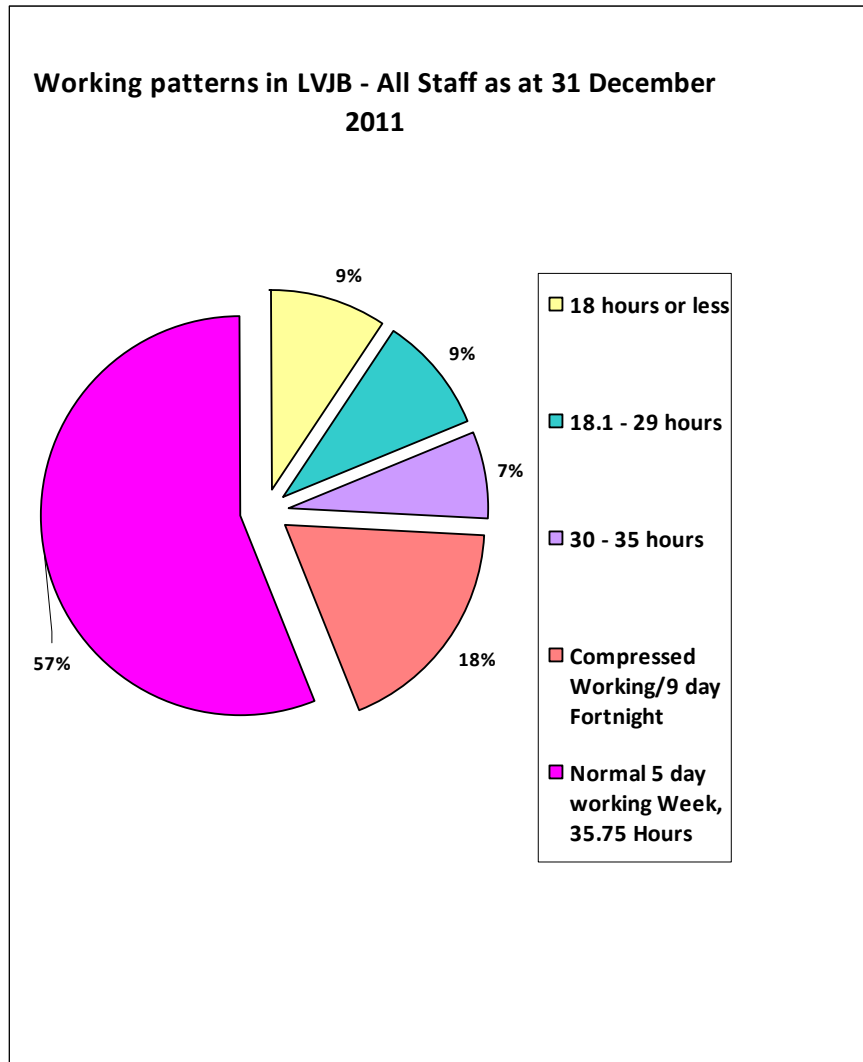


Appendix 3

LVJB SALARIES 2011			£10,000 to £14,999	£15,000 to £19,999	£20,000 to £24,999	£25,000 to £29,999	£30,000 to £34,999	£35,000 to £39,999	£40,000 to £44,999	£45,000 to £49,999	£50,000 to £54,999	£55,000 to £59,999	£60,000 to £64,999	£65,000 to £69,999	£70,000 +
Race	White		0	30	7	32	11	19	6	5	2	1	1	0	2
	Mixed														
	Asian/Far East														
	Asian Other														
	Black														
	Other European														
	Other														
Disability	Disabled	3	0	2	0	1	0	0	0	0	0	0	0	0	0
	Able bodied	113	0	28	7	31	11	19	6	5	2	1	1	0	2
Gender	Male	59	0	8	0	15	9	15	4	3	2	0	1	0	1
	Female	57	0	22	7	17	2	4	2	2	0	1	0	0	1
Total No. of Staff		116	0	30	7	32	11	19	6	5	2	1	1	0	2

* Please note: This information is based on full time equivalent salaries for ALL LVJB employees.

Appendix 4
Flexible Working at LVJB



Appendix 5

APPLICANTS BY ETHNIC ORIGIN, GENDER AND DISABILITY (2011)				
	Applicants in 2010	No. of Applicants	Interviewed	Offered Post
Ethnic Origin	White	39	25	23
	Black - African			
	Black - Caribbean			
	Black - Other			
	Indian			
	Pakistani			
	Bangladeshi			
	Chinese			
	Other			
Disability	Disabled	3	0	0
	Able bodied	36	25	23
Gender	Male	10	6	5
	Female	29	19	18

Appendix 6

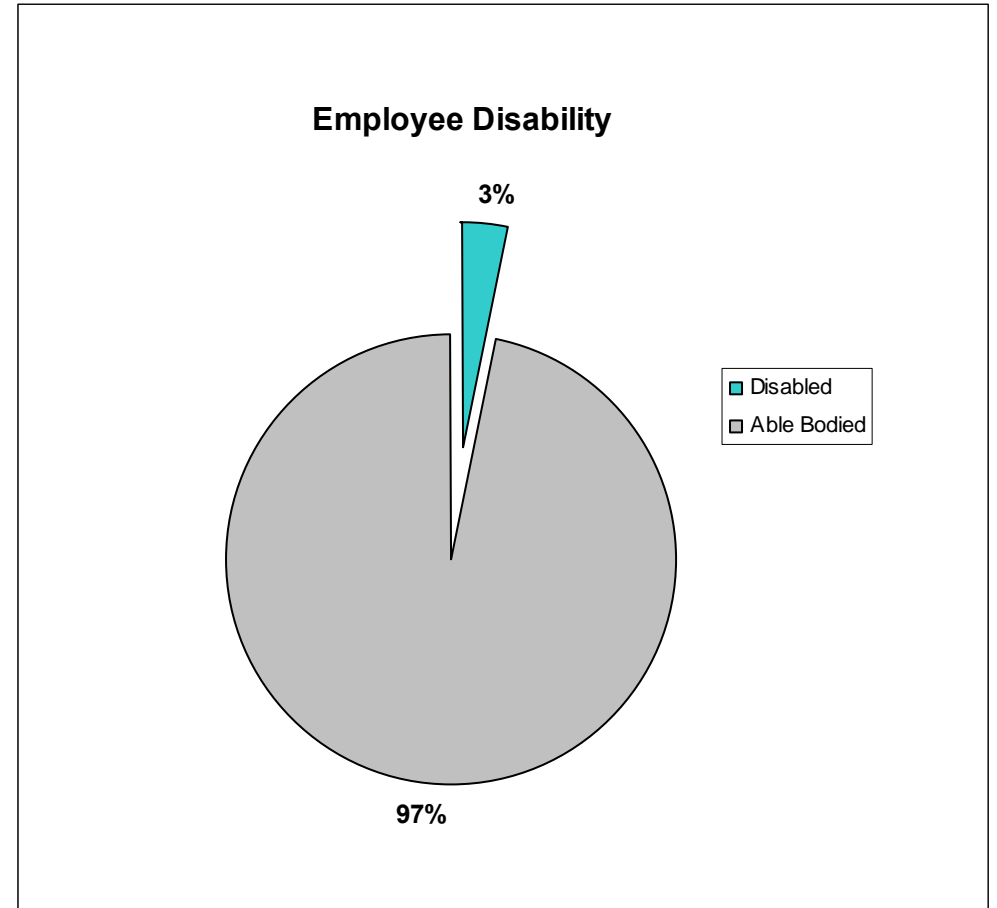
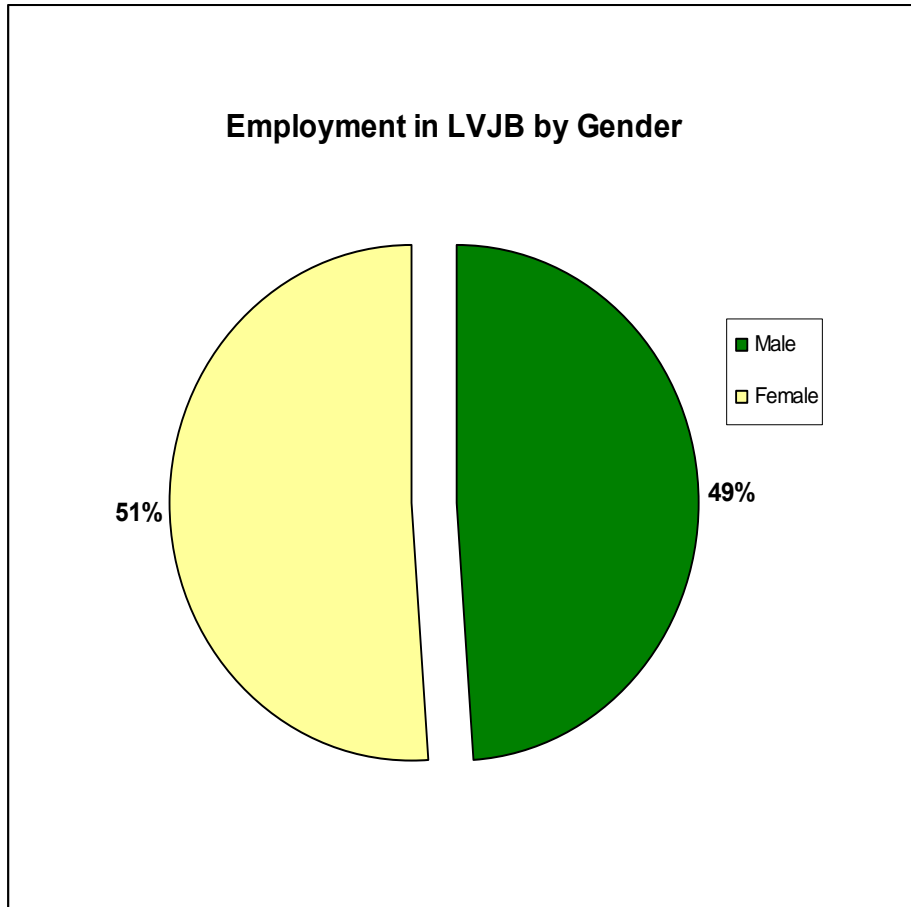
APPLICATIONS RECEIVED AND SUCCESSFUL CANDIDATES BY GENDER AND DISABILITY – 2011								
			APPLICANTS			SUCCESSFUL CANDIDATE		
POST TITLE	No of Application Forms Rec'd	No Equal Opps Info Given	Male	Female	No of Applicants with Disability	Male	Female	Disability
Trainee Valuer	1	0	0	1	0	0	1	0
Temporary Canvassers	33	2	6	27	2	4	17	0
Divisional Assessor	5	0	4	1	0	1	0	0

Appendix 7

LVJB LEAVERS 2011		No. of Leavers	Resignation	Retiral	End of Temporary Contract	Redundancy	Other
Race	White	3	1	2	0	0	0
	Mixed						
	Asian/Far East						
	Asian Other						
	Black						
	Other European						
	Other						
Disability	Disabled	0	0	0	0	0	0
	Able bodied	3	1	2	0	0	0
Gender	Male	1	0	1	0	0	0
	Female	2	1	1	0	0	0

Appendix 8

Employment at LVJB by Gender and Disability (2011)



ELECTORAL REGISTRATION REPORT 2011/2012

1 INTRODUCTION

This report provides the Board with information on the key activities and current issues surrounding Electoral Registration over the period 1 June 2011 to 31 May 2012.

The Electoral year can broadly be identified in two parts. Major elections fall to occupy the first half of the year while the annual canvass consumes the latter half. The timing of this report is such that information is provided on the most recent election in conjunction with the previous years' canvass activity.

As this report shall highlight electoral registration is about to enter a period of considerable major change. This shall without doubt represent a challenging phase for Electoral Registrations Officers throughout the country. However the over-riding aims remain constant, that of creating and maintaining a register that is as accurate and complete as practically possible while at the same time ensuring that in all decisions the voter is put first.

2 LOCAL COUNCIL ELECTIONS 3 MAY 2012

The Local Council elections on 3 May 2012, being conducted under the terms of the single transferable vote (STV), created considerable interest not only due to the use of an electronic counting system but in a broader sense arising from the voters appreciation of the actual voting process under STV rules.

While not part of the Electoral Registration Officers remit it has been generally recorded that on both aspects these elections were a considerable improvement on the experiences of 2007.

During 2010/11 a new electoral management system was introduced within the organisation and while it performed to an acceptable level in respect of the Scottish Parliamentary elections in 2011 a number of areas were identified for improvement.

For the elections in May 2012 therefore, not only were enhancements introduced within the system itself, but improvements were made in terms of the detailed planning that is undertaken within the organisation at election time. This, in addition to the allocation of key duties to specific senior managers resulted in an overall improvement in the performance of required activities surrounding the election.

The Lothian and Borders Election Working Group meets regularly throughout the year. However the frequency of meetings is increased prior to elections in order to ensure that proper consideration is given to the matters where there is close electoral registration officer and returning office partnership working. Such key partnership areas are the establishment

of the election timetable, production and issue of poll cards, the provision of absent voter information including personal identifying data, and the provision of ballot box registers.

A good and effective relationship between the ERO and RO is essential for the smooth running of elections and the Working Group provides a platform for proper relations to be established and built upon.

By its very nature an election provides a number of flash points and peaks in activity for the ERO.

During the period 2 April to 18 April the organisation received 2,978 telephone calls, 1,389 postal vote applications and 1,425 applications to register.

Following the election the number on the standing list for postal votes is 98,968, while the effect of alterations to the register resulted in a net gain of 784 electors.

This level of activity puts considerable pressure on the organisation as much of this information has to be processed within very short time frames.

It is a testament to the organisation, staff and internal processes that only very limited overtime was required during the days immediately prior to the closing dates.

One of the important tasks undertaken at this particular time is the provision of postal vote and postal vote personal identifier data. This ensures that all the required postal ballot packs are issued by each RO and that on receipt of postal votes these are capable of being checked against personal identifying information so as to reduce the possibility of fraudulent action.

This involves the provision of data files to printers and the third party companies contracted by the constituent councils of the Board to undertake the PI checking.

This is a considerable exercise in data extraction, checking, manipulation, presentation and supply carried out on a number of occasions within the election timetable and latterly within very restricted timescales.

This is an area of potential risk and further investigation shall be carried out prior to the next election in 2014 with the view of seeking further improvements.

3 2011 ANNUAL HOUSEHOLD CANVASS

During the 2011 canvass 351,915 forms were issued at the initial stage, with a further 161,618 issued at reminder stage, and 120,171 at the final reminder stage. From the initial issue 39,536 forms were retained for the purposes of door to door canvass.

The 2011 canvass followed very closely the results achieved during 2010.

The final return rate for the canvass forms was 75.84%. This is on a par with the previous year when the return rate was 75.02%. From those returned, 67.64% represented no change to the existing registration details and 32.36% of returns required changes of which 48,223 included requests from electors for postal voting application forms and 227,637 electors indicated a preference to be omitted from the edited register.

Although the canvass return rate was 75.84%, when secondary checks were made to Council Taxpayers Lists it confirmed that 38,355 households where no return had been received were still in occupation. In compliance with legislation these electors were carried forward from the previous register.

The full return or retention of households can therefore be presented as 85.61%, this being compared with 85.38% from 2010.

3.1 Door to Door Canvass

As in past years an element of annual canvass was carried out on a door to door basis rather than postal.

During 2011 canvass 73 temporary canvassers were employed to door to door canvass 39,536 properties between the dates 26 August and 19 September.

A cross section of the Lothian area was covered and in line with previous exercises, an analysis of returns shows that on average undertaking door to door provides a 7% increase in return level over a postal approach.

While door to door can provide improved results the costs of this approach is in the region of three times as expensive as the postal approach.

Recent communication with the Electoral Commission has led us to change our approach to door to door canvass for 2012. In order for us to more closely meet the performance standard set by the Commission as regards door to door canvass, following an initial post of canvass forms to all households householders who have not returned a form and do not match to robust records shall be subject to house to house enquiries.

An impact assessment of this alternative approach shall be made and the results provided to the Board in due course.

3.2 Alternative Methods of Return

During the 2011 canvass electors throughout Lothian were given the opportunity of returning what is termed a "same" canvass form by means other than return post.

A "same" return is where there are no changes made to any of the elector information contained on the canvass form. Electors were able to make this return by telephone, internet or SMS text. All the necessary information, contact numbers and passwords, was included with the canvass form.

In addition to making their return, electors were able to indicate if they wished a postal vote application form to be issued and whether they wished to opt out of the edited register.

The technology that enables these transactions has been in use for a number of years and therefore there was assurance that the system was secure and robust.

The following returns were made using these alternative methods, telephone 34,642, internet 30,078, text 14,947.

While it cannot be indicated that the provision of these facilities had the effect of increasing the overall canvass return rate a modest cost saving over postal returns was achieved. The main thrust is to provide the elector with up to date means of engaging with the registration process and the level of use in its first years was very encouraging. Further efforts shall be made during the 2012 canvass to promote these facilities.

4 INTRODUCTION OF INDIVIDUAL ELECTORAL REGISTRATION (IER)

The move towards Individual Electoral Registration is continuing with more detailed proposals and a draft timetable recently issued for consultation by the Cabinet Office.

As a result of the consultation process and an evaluation of the data matching pilots undertaken during 2011 a number of alterations have been made to the original proposals. The most significant of these is the revised proposal that those households that return their Spring 2014 canvass form and who, as individual electors, are validated by way of data matching to a national source, shall automatically be deemed to have registered for individual registration. This shall significantly reduce the requirement to canvass each individual elector during the transition phase to IER.

Those households who do not return the Spring 2014 canvass form or who do not match to a national data source shall be subject to individual canvass and be required to provide personal identifying information.

From a logistical and cost standpoint this change provides considerable improvement from the initial proposals.

The other major change associated with IER is the intention to introduce electronic means of registration. This shall provide the elector with an easily accessed mechanism for registration and other related electoral activities. The development of this system is in its infancy with certain elements in prototype phase. Many areas, such as integration with office back office systems, remain under discussion and consultation.

A draft timetable in respect of IER is being developed. A number of the key phases and key dates within that timetable are indicated below,

- Annual canvass 2013 suspended
- Last household annual canvass, spring 2014
- European Election June 2014
- Transition to IER commences 1 July 2014
- (Referendum Scotland, autumn 2014)
- Electoral Register published under IER 1 December 2014
- Westminster Parliamentary Election May 2015
- Annual canvass under IER autumn 2015

The Assessor, both individually and as part of the Scottish Assessors Association, is in regular consultation with the Cabinet Office. The level of consultation is considerable and

this has allowed input from electoral practitioners to form an effective element in the decision making process.

The Board shall be provided with regular reports in respect of the progress made towards the introduction of IER and of the implications and issues that arise as a result.

4.1 Data Matching Pilots

During 2011 the Board participated with 21 other authorities nationwide in a Data Matching Pilot scheme. This scheme was primarily aimed at investigating the impact on the completeness and accuracy of the register as a result of allowing register data to be matched against another national data source.

While this scheme provided some interesting results certain elements were deemed by the Cabinet Office to require further investigation. As a result a second round of Data Matching Pilots are planned starting in July 2012 and running through into early 2013.

While there are a number of schemes with different objectives Lothian has agreed to be involved with two schemes, one aimed at improving the actual data match process between the register and other national data sources, the other to improve information on recent home movers.

The Board shall be provided with updates as this scheme progresses.

5 RECOMMENDATION

The Board is asked to note the content of this report.

Graeme Strachan
Depute Assessor and Electoral Registration Officer