

Notice of Meeting and Agenda

**Monday 2 September 2013 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 28 June 2013 (circulated) – submitted for approval as a correct record

4 Assessor's Quarterly Progress Report – report by the Assessor and Electoral Registration Officer (circulated)

5 Period 3 Financial Statement 2013-2014 - report by the Treasurer (circulated)

6 Report to Those Charged with Governance on the 2012-2013 Audit – report by Audit Scotland (circulated)

7 Treasury Management Annual Report 2012-2013 – report by the Treasurer (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 (Convener)

Midlothian Council (2)

Councillor Bryant
Councillor Russell

West Lothian Council (3)

Councillor King (Vice-Convener)
Councillor McCarra
Councillor Muldoon

East Lothian Council (2)

Councillor Gillies
Councillor Hampshire

Notes:

- (1) If you have any questions about the agenda or meeting arrangements, please contact Lesley Birrell, Committee Services, City of Edinburgh Council, City Chambers, High Street, Edinburgh, EH1 1YJ; ☎ 0131 529 4240 email lesley.birrell@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, 28 June 2013

Present:-

City of Edinburgh Council – Councillors Work (Convener), Howat, McInnes McVey and Rust.

Midlothian Council – Councillor Russell

West Lothian Council – Councillors Cartmill (substituting for Councillor King) and McCarra.

1 Minute

Decision

To approve the minute of the Lothian Valuation Joint Board of 18 March 2013 as a correct record.

2 Unaudited Financial Statements for the Year Ended 31 March 2013

The unaudited financial statements for the year ended 31 March 2013 were presented together with a report by the Treasurer highlighting the key issues raised in the accounts.

The final accounts would be submitted to a future meeting of the Board on completion of the External Audit.

Decision

- 1) To note the report and unaudited Financial Statements for 2012/13
- 2) To note that the statements would be re-presented to the Board on completion of the external audit.
- 3) To defer a decision on the Board's underspend to the next meeting when the audited accounts would be considered

(Reference – report by the Treasurer, submitted.)

3 Performance Report 2012/13

Performance information relating to the work of the Valuation Service in 2012/13 was detailed. Key Performance Indicators for the work of Assessors in Scotland were in place for Valuation Roll and Council Tax and were submitted annually to the Scottish Government.

Internal performance standards were also set for staff with monitoring carried out on an ongoing basis and formally assessed in line with the Performance Review and Development policy.

Decision

- 1) To note the report by the Assessor.
- 2) To approve the changes to the policies and procedures listed in paragraph 5.1 of the report.
- 3) To approve the reduction within the Structure of 3 Senior Technical Posts as detailed in paragraph 5.2.3 of the report.
- 4) To congratulate the staff who achieved the first increase for ten years in returns in the 2012 Household Canvas.
- 5) To thank the Assessor and her staff for their commitment and hard work.

(Reference – report by the Assessor and Electoral Registration Officer, submitted.)

4 Internal Audit – Annual Report

The work carried out by Internal Audit during the financial year 2012-2013 was detailed. Action plans had been agreed with management on all recommendations made within the reports issued by the Internal Auditor and appropriate follow-up arrangements had been put in place.

Decision

- 1) To note the contents of the report by the Chief Internal Auditor.
- 2) To note the Draft Annual Governance Statement as detailed in Appendix 2 to the report by the Chief Internal Auditor.

(Reference – report by the City of Edinburgh Council's Chief Internal Auditor, submitted.)

ASSESSOR'S QUARTERLY PROGRESS REPORT TO THE JOINT BOARD



2 September 2013

1.0 PURPOSE OF REPORT

To advise and update members as to the service overview and priorities, current issues and the future direction of the Joint Board.

2.0 ELECTORAL REGISTRATION SERVICE OVERVIEW AND PRIORITIES

2.1 Electoral Registration – Service Overview 1st April 2013 – 19th August 2013

2.1.1 Absent Voters List

As at 1 August 2013 the number of postal voters on the list was 108,679.

In compliance with the Representation of the People, The Elections (Refresh of Signatures for Absent Voters) Regulations 2013 we issued 58,997 requests for fresh signatures on 1st August 2013. The return rate was in excess of 70% and on 23rd August 2013 approximately 16,000 reminders were issued to non-responders. Any absent voters who fail to return a fresh signature by 12th September will be sent notification that their absent vote has been cancelled and their names will be removed from the absent voters list. All cancellation letters will have an absent vote application form enclosed.

2.1.2 Rolling Registration

Since the beginning of the financial year, during the rolling registration update periods for April through to August, my staff processed a total of 9,844 additions to the register, 8,623 removals and 341 amendments. There has therefore been a very slight increase in the number of electors.

2.1.3 Cabinet Office Data Matching Pilot

I have given several reports to the previous Board members on the Cabinet Office data matching pilots which we have participated in. An additional request has been made to data match with DVLA records. I have agreed to participate in this final pilot and hope that it will provide me with a further means of matching records and confirming electors in preparation for the introduction of individual electoral registration in September/October 2014.

2.1.4 Transition to Individual Electoral Registration

As I have previously mentioned the transition to individual registration commences this year. During August, in line with the rest of the UK, we were expected to carry out a confirmation dry run to allow the Cabinet Office and me to estimate the likely match rate that we may expect when IER is formally introduced in autumn 2014. The dry run is also to ensure that all systems, data and processes are fit for purpose.

Unfortunately we have not been able to participate in this dry run as initially timetabled. Electoral Registration Offices which are not GSX compliant are required to set up additional security measures and introduce altered working practices. The four EROs in Scotland are working towards this additional compliance with a view to carrying out the dry run at a slightly later date. The new security measures put in place, as a requirement of IER data matching, are chargeable to the Cabinet Office.

2.1.5 2013 Canvass

Planning for the 2013 canvass has been underway for some time and members should note that it is to be carried out from 1st October with a publication date of 10th March 2014. This timing varies dramatically from the traditional August to 1st December publication, I intend to carry out all activities in line with the 2012 implementation plan. Because of the great importance of this canvass and also the additional time available I intend to carry out an additional postal reminder in January/February 2014 in addition to the similar canvass duties employed for 2012.

The Royal Mail are expected to commence delivery of Canvass forms from 9th October this year.

2.1.6 Electoral Commission Canvass Performance Assessment

The Electoral Commission required me to submit my self-assessment of my intended 2013 canvass performance by 23rd August. I am pleased to report that I have self assessed as meeting or exceeding all required standards.

2.1.7 Scottish Independence Referendum

Legislation has now been enacted to extend the voting age franchise to 16 and 17 year olds for the Referendum. The legislation is therefore now in place to allow young voter registration forms to be issued with this year's autumn canvass due to commence in October. Each household will receive both a household form and a young person's voter registration form. The household canvass form should be completed to include all persons aged 16 and over at the date of completing the canvass form. Young persons who will attain the age of 16 by the referendum date should complete the separate Young Person's Voter Registration Form.

Unfortunately/...

2.1.7/ Unfortunately as the legislation was not enacted prior to the school summer break the education establishments in Lothian have not supplied with the names of young persons in Lothian who left school at the end of last term. Most young persons who are currently in local authority schooling will receive a pre-populated canvass for this October. I am having some difficulty getting information from independent schools but I continue to make every effort to get the names of as many eligible young persons as possible.

2.2 Electoral Registration – Service Priorities September 2013 – December 2013

2.2.1 The service priorities over the next 3 months

- Issue cancellation letters to all absent voters who have failed to provide fresh signatures;
- Update the electoral register to include new electors, amend registration data and delete as required;
- Apply absent voting requests as received;
- Continue with introduction of security measures required by the Cabinet Office;
- Carry out the confirmation dry run at the time required;
- Carry out postal and personal door to door canvass of all Lothian households;
- Continue with initiatives to encourage participation and improve registration rates;
- Work with the Cabinet Office in the final Data Matching Pilot exercise.

3.0 COUNCIL TAX OVERVIEW AND PRIORITIES

3.1 Council Tax – Service Overview–1st April 2013 – 19th August 2013

3.1.1 Council Tax – New Dwellings

As at 1st April 2013 there were 395,666 chargeable dwellings in Lothian which has risen very slightly to 396,895 as at 19th August 2013, an increase of just 1,229 dwellings in over 4½ months. House building continues to be very sluggish.

3.1.2 Council Tax – Altered Bands

During the period, as a result of alterations carried out prior to the date of sale and re-appraisal of bandings, the bandings of 66 dwellings have been altered. The number of band changes remains at a very low level possibly reflecting the lower number of house sales.

3.1.3 /...

3.1.3 Council Tax – Altered Houses with no sales

During the period, the records of 549 dwellings have been updated, as a result of alteration work being carried out to existing dwellings. As previously reported the updated information should improve the time taken to alter the bands of any altered dwellings which are subsequently sold and also ensure preparation for any future revaluation or property tax.

3.1.4 Council Tax – Proposals and Appeals

The numbers of Council Tax proposals/appeals outstanding continues to stand at reasonable levels. As at 1st April 2013 there were 67 cases outstanding. As at 19th August 2013 there were 110 cases outstanding. Appeal hearings continue to be arranged regularly to ensure the disposal of cases at least equates to the number received thus maintaining low numbers outstanding.

3.1.5 Council Tax File Review

The process of modernisation of the file contents and document retention continues. Since the start of the task in July 2012 43,000 domestic files have now been scanned and documentation sent for confidential disposal. This figure represents what can be achieved in one year with resources from my technical and administration teams. There are approximately 300,000 files to be cleared.

3.2 Council Tax – Service Priorities September 2013 – December 2013

The main service priorities in Council Tax are as normal:-

- Continue improvement on the time taken between completion of new dwellings and the insertion of the dwelling in the Council Tax List in accordance with performance targets;
- Continue improvement on the time taken between the sale of houses which have been altered and the date their Council Tax Band is changed;
- Update my records by carrying out the survey of Council Tax subjects which have been altered and not sold;
- Continue to resolve proposals and appeals against Council Tax banding;
- Continue with the transfer of house data from paper to electronic format and review performance achieved.

4.0 NON DOMESTIC RATING OVERVIEW AND PRIORITIES

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4.0 NON DOMESTIC RATING OVERVIEW AND PRIORITIES

4.1 Non-Domestic Rating – Service Overview 1st April 2013 – 19th August 2013

4.1.1 2010 Revaluation Appeals

A total of 10,927 appeals were received against the 2010 Revaluation Roll as published. The number of subjects appealed was 10,386. A total of 10,367 appeals have been resolved to date with 691 of those appeals being dealt with during the period 1st April 2013 – 19th August 2013. A diary of courts continues to ensure the appeals are all disposed of by the 31st December 2013, the last date permitted by statute.

The Scottish Government consulted with interested parties to consider requests made to extend the time limit for disposal of appeals. The Minister announced his decision in May not to extend the time period as there would be no benefit to the rate payers.

4.1.2 Running Roll

My professional and technical staff have continued to survey and value subjects that have been newly constructed, altered or demolished. From 1st April 2013 to 19th August 2013, there have been 431 additions, 1,211 valuation alterations and 323 deletions. This is increased activity and hopefully a continued sign of a change in the commercial market.

4.1.3 Running Roll Appeals

As a result of amendments to the Valuation Roll and, issues relating mainly to the economic decline, running roll appeals are constantly being received and dealt with where possible. As at the start of this financial year, there were 4,776 running roll appeals outstanding. During the period 1st April to 19th August 2013 3,966 of those appeals have been resolved. As at 19th August the number of outstanding running roll appeals stood at 1,253. Courts to deal with this type of appeal are scheduled to continue through the rest of the calendar year. The vast majority of appeals are required to be cleared, within the same statutory framework as the Revaluation appeals, by 31st December 2013. I am delighted with the significant number of appeals cleared and with the progress made in the scheduling of appeal disposal.

I am pleased to say that a further large tranche of appeals was not lodged in March 2013.

4.1.4 Lands Tribunal and Lands Valuation Appeal Courts

As the 30th June 2013 was the last date ratepayers could submit requests for referral to the Lands Tribunal of Scotland I anticipated a last minute rush to lodge requests. Fortunately the number of such requests were comparatively low. The Lothian Valuation Appeal panel has now considered all the requests made and referred some but refused many. I anticipate a small number of additional appeals will be referred by end September 2013, the last date for joint referral.

There has therefore been a slight increase in the number of appeals which are held by the Lands Tribunal for hearing. The number of 2015 revaluation and running roll appeals, excluding telecommunications, referred from Lothian stand at approximately 155. Lothian has no stated cases in preparation.

4.1.5 Scottish Government Consultation

The Scottish government published a consultation 'Supporting Business Promoting Growth' at the same time as they announced the delayed revaluation.

The analysis of the submissions and the Government's response is expected in the very near future.

4.2 Non-Domestic Rating – Service Priorities September – December 2013

The service priorities in Non-Domestic Rating are:-

- Prepare cases as may be required by the Valuation Appeal Committee;
- Schedule and action the disposal of appeals resulting from the 2010 Revaluation;
- Schedule and action the disposal of running roll appeals;
- Survey and value new property or alterations to existing properties to ensure the Valuation Roll is as complete and accurate as possible;
- Continue to update databases with rent, cost, turnover and throughput information to ensure analysis is as complete and accurate as possible.

5.0 HUMAN RESOURCES

5.1 UNISON

Regular JCC meetings continue to be held.

Policies are timetabled for review to ensure that all policies meet current legal, management and staff requirements.

I have been advised that strike action has been averted and that the employer's offer of 1% increase has been accepted.

5.2 Staffing

I advertised for 2 administration assistants in early August and received 179 applications. 20 applicants were selected for interview and the 2 successful candidates notified.

I have made contact with the temporary canvassers employed for last year's canvass to ensure that I have a sound base of canvassers prior to advertising for additional people. I estimate that 200 canvassers will be required to carry out all the canvass activity over November, December and January.

5.3 /...

5.3 Equalities

My Equalities Mainstreaming report has been published on my website.

6.0 RISK MANAGEMENT

6.1 Risk Registers

The risk register continues to be updated at each management meeting ensuring that all risks are considered and mitigated as soon as practicable. The strategic risk register continues to be reviewed and updated on a regular basis. Further job specific risk registers continue to be developed to meet audit recommendations.

6.2 Information Technology

My IT team have been heavily involved in hardware, software and premises security measures required by the Cabinet Office for the individual electoral registration confirmation dry run. The preparation of documentation has taken a considerable period of time but has now passed the required security assessments.

I have commenced renewal of all desktop computers and an upgrade to Microsoft 7 and Office 2013. Training courses have been delivered and staff are adapting well to the change.

7.0 BUILDING ISSUES

7.1 Request to Discharge Deeds

I have been requested by City of Edinburgh Council to sign a discharge of deeds for the ground adjacent to my property. When I took on the lease for the premises a further four similar office blocks were planned, I have been advised that the office development will not now progress. A long lease has been entered into by Smarts, a local development company, who intend to build industrial units. I have been required to seek legal advice from an independent solicitor.

7.2 Building Maintenance

As mentioned at the last Board meeting I have met with City of Edinburgh Council to discuss problems that exist within the premises with a view to finding appropriate solutions and rectifying all outstanding problems. There are several issues currently being rectified including renewing part of the roof covering, installation of insulation and upgrading of electrical cabling. When the work has been carried out I will be required to replace the defective plasterboard and repaint the affected areas. The full cost of this remedial work is not yet fully known.

8.0 /...

8.0 FINANCIAL IMPLICATIONS

As I have a very restrictive budget I request that the underspend money from 2012/13 be added to the sum of money retained for 'early release measures' but this time being available to me to pay for unplanned building work, solicitor costs involved in discharging the deeds for the adjacent ground and further costs for possible re-negotiation of the deeds for our office property and common areas.

9.0 RECOMMENDATIONS

As there are no financial implications, nor approvals sought, the Joint Board is requested to note the contents of this report.

**Joan M Hewton
ASSESSOR & ERO**

21 August 2013



Period 3 Financial Statement 2013/14

2nd September 2013

1 Purpose of report

This report has been prepared in consultation with the Assessor and summarises the Revenue position for the period ending 30th June, 2013, together with projections of estimated expenditure to the year end.

2 Main Report

Performance to 30th June 2013

2.1 The table below compares actual and budgeted expenditure for the three month period to 30th June 2013, together with a year-end projection to 31st March 2014.

	Annual Budget £'000	Three months to 30.06.13			Projected to 31.03.14	
		Budget £'000	Actual £'000	Variance £'000	Outturn £'000	Variance £'000
Expenditure						
Employee Costs	4,539	1,232	1,067	(165)	4,467	(72)
Premises Costs	625	178	173	(5)	634	9
Transport Costs	113	30	27	(3)	102	(11)
Supplies & Services	712	100	101	1	715	3
Third Party Payments	95	10	12	2	119	24
Support Services	80	0	0	0	80	0
	6,164	1,550	1,380	(170)	6,117	(47)
Income						
Fees and Charges	(43)	(37)	(40)	(3)	(42)	1
Interest	(3)	0	0	0	(2)	1
	(46)	(37)	(40)	(3)	(44)	2
Net Expenditure	6,118	1,513	1,340	(173)	6,073	(45)

Projections to Year End

2.2 At this stage, the projected outturn indicates a potential net expenditure of £6,073,000 which results in a net under spend of £45,000. The principal reasons for the variance are as follows:

- (a) **Employee Cost under spend £72,000**
This is due to the ongoing review of vacant posts and subsequent recruitment control offset in part by the cost of two employees leaving through Voluntary Early Release arrangements.
 - (b) **Property over spend £9,000**
The over spend relates mainly to initial estimates for roofing repairs and electrical works within the building. An update on further roofing repairs, building work and associated cost implications will be provided to the Board in November.
 - (c) **Transport under spend £11,000**
This results from the ongoing review of practices associated with external survey work, and reflects the general decline in construction activity.
 - (d) **Third Party Payments over spend £24,000**
This is a result of a higher than anticipated activity of the Valuation Appeals Committee. This is due to outstanding appeals lodged in respect the 2010 Revaluation and subsequent material change of circumstances appeals, and the increasing complexity both in valuation and legal terms that these appeals present. This additional cost is projected to be contained within the overall budget provision.
- 2.3 Voluntary Early Release and Redundancy Schemes have been approved by the Board at its meeting on 4th February 2011. Two employees have left under this scheme during 2013/14 and it is currently anticipated, at this early stage, that associated VERA and Pension Strain costs will be contained within the approved budget for 2013/14.
- 2.4 In terms of Section 58 of the Local Government (Scotland) Act 1973, the Board has no specific power to retain reserves; however, unspent funding contributions from constituent councils can be carried forward as creditors to meet future funding commitments. In order to facilitate the introduction of early release measures, the Board approved the retention of the under spends relating to financial years 2010/11 and 2011/12 totalling £270,000 to meet future costs arising from early release measures.
- 2.5 In addition to the above, unspent funds from 2012/13 of £129,000 were also carried forward. At its meeting on the 28th June 2013 the Board deferred a decision on this until the audited Financial Statements are presented in November 2013. The cost implications of unexpected building repairs will be quantified at the meeting in November to enable the Board to take a decision on whether or not this is retained and ring-fenced for property repairs or refunded in whole or part to constituent authorities.
- 2.6 2013/14 represents a year of considerable uncertainty and consequently risk. Additional work is required with the refresh of AVPI's, the collection of data relating to 16 and 17 years olds during this year's canvass for the Scottish Referendum is an additional burden, and various elements of the transfer to Individual Electoral Registration are proving challenging. Every effort shall be made to contain the impact of these issues within budget and future projections shall provide the Board with an indication of the final impact they may have on budget outturn.

3 Conclusions

- 3.1 At this stage, there is a projected net under spend of £45,000 relating to Financial Year 2013/14. Further reports will be presented on the current year financial position in November 2013 and February 2014.
- 3.2 The Board has no power to establish a general reserve, however previous year unspent funding contributions of £270,000 have been carried forward as a creditor to meet liabilities arising through the Board's early release measures. A further £129,000 has been carried forward from 2012/13.

4 Recommendations

The Board is recommended to note the financial statement for the three month period to 31st June 2013 together with the year end projections.

Hugh Dunn
Treasurer

Appendices	None
Contact/Tel:	Mr. T.MacDonald: 0131 469 3078
Background Papers	Held at the Office of Treasurer

Report to those charged with governance on the 2012/13 audit

Audited Body:	Lothian Valuation Joint Board
Committee:	Lothian Valuation Joint Board
Date:	02 September 2013

Background

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
2. This report sets out for the Lothian Valuation Joint Board's consideration the matters arising from the audit of the financial statements for 2012/13 that require to be reported under ISA 260. We are drawing to your attention those matters we think are worthy of note, so that you can consider them before the financial statements are approved and certified. It should be noted that the audit opinion reflects recent discussions with management and is subject to satisfactory conclusion of any outstanding matters.
3. We also present for your consideration our draft annual report on the 2012/13 audit which identifies significant findings from the financial statements audit. This report is attached at [Appendix C](#).

Status of the work

4. Our work on the financial statements is now substantially complete. The issues arising from the financial statements audit were included in a matters arising schedule issued to the Finance Manager responsible for preparing the accounts on 09 July 2013. The more significant issues arising were discussed with the Principal Finance Manager at a meeting on 16 August 2013.

Fraud

5. In presenting this report to the Lothian Valuation Joint Board we seek confirmation from those charged with governance of any instances of fraud that have arisen that should be brought to our attention. A specific confirmation from management in relation to fraud has been included in the draft letter of representation.

Audit opinion and representations

6. Subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of financial statements for final review, we anticipate being able to issue an unqualified auditor's report in September 2013 (the proposed report is attached at [Appendix A](#)). There are no anticipated modifications to the audit report.
7. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature which we regard as errors less than £1,000.
8. A number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with senior finance officers who agreed to amend the unaudited financial statements. The effect of these adjustments was to increase both creditors and debtors by £43,000. These adjustments did not affect the surplus on provision of services or net assets recorded in the balance sheet.
9. We therefore have no unadjusted misstatements to bring to your attention.
10. As part of the completion of our audit we seek written assurances from the Treasurer on aspects of the financial statements and judgements and estimates made. A draft letter of representation under ISA580 is attached at [Appendix B](#). This should be signed and returned by the Treasurer with the signed financial statements prior to the independent auditor's opinion being certified.

Significant findings

11. There were no significant issues identified during the course of our audit.

Outstanding matters

12. Letter of Representation: The formal Letter of Representation is required prior to the auditor's certification of the financial statements.
13. Subject to satisfactory conclusion of these outstanding matters we will issue our audit opinion along with the signed financial statements and the annual audit report. The attached draft annual report on the 2012/13 audit will be updated to reflect the impact of any unresolved outstanding matters prior to issue in final form e.g. audit opinion.

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Lothian Valuation Joint Board and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Lothian Valuation Joint Board for the year ended 31 March 2013 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the 2012/13 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2012/13 Code of the state of the affairs of Lothian Valuation Joint Board as at 31 March 2013 and of the income and expenditure of the Board for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2012/13 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985; and
- the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement does not comply with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Stephen O'Hagan
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

September 2013

Appendix B: ISA 580 - Letter of Representation

Stephen O'Hagan
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Stephen

Lothian Valuation Joint Board

Annual Accounts 2012/13

1. This representation letter is provided in connection with your audit of the financial statements of Lothian Valuation Joint Board for the year ended 31 March 2013 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Lothian Valuation Joint Board as at 31 March 2013 and its income and expenditure for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Assessor and Senior Management Team, the following representations given to you in connection with your audit of Lothian Valuation Joint Board for the year ended 31 March 2013.

General

3. I acknowledge my responsibility and that of Lothian Valuation Joint Board for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by Lothian Valuation Joint Board have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
4. The information given in the Annual Report to the financial statements, including the Foreword, Annual Governance Statement and Remuneration Report, presents a balanced picture of Lothian Valuation Joint Board and is consistent with the financial statements.
5. I am not aware of any uncorrected misstatements in the financial statements. (ISA260).

Financial Reporting Framework

6. The financial statements have been prepared in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and the Local Authority Accounts (Scotland) Regulations 1985 including all relevant presentation and disclosure requirements.
7. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of Lothian Valuation Joint Board for the year ended 31 March 2013.

Accounting Policies & Estimates

8. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.
9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern

10. The Board has assessed Lothian Valuation Joint Board's ability to carry on as a going concern, as identified in the Statement of Accounting Policies, and have disclosed, in the financial statements, any material uncertainties that have arisen as a result.

Related Party Transactions

11. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Events Subsequent to the Balance Sheet Date

12. There have been no material events since the date of the Balance Sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
13. Since the date of the Balance Sheet no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate Governance

14. I acknowledge as Treasurer my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
15. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13. There have been no changes in the corporate governance arrangements or issues identified, since the 31 March 2013, which require disclosure.

Fraud

16. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

Assets

17. The assets shown in the Balance Sheet at 31 March 2013 were owned by Lothian Valuation Joint Board, other than assets which have been purchased under operating leases. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities and Contingent Liabilities

18. All liabilities have been provided for in the books of account, including the liabilities for all purchases to which title has passed prior to 31 March 2013.
19. There are no contingent liabilities arising either under formal agreements or through informal undertakings requiring disclosure in the financial statements.

Carrying Value of Assets and Liabilities

20. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13. There are no plans or intentions that are likely to affect the carrying value of classification of the assets and liabilities within the financial statements.

Financial Instruments

21. The information disclosed at note 9 of the financial statements (Financial Instruments) has been based on information provided by the City of Edinburgh Council Loans Fund. I have assessed the information provided and I am satisfied that the accounting, presentation and disclosure of this note are properly stated and are in accordance with the Code requirements. I confirm that all transaction costs in respect of financial instruments were immaterial and were written off to the Comprehensive Income and Expenditure Statement as incurred.

Provisions

22. There are no provisions that require to be made in the accounts for any material liabilities which have resulted, or may be expected to result, by legal action or otherwise, from events

which had occurred by the balance sheet date, and of which the Lothian Valuation Joint Board could reasonably be expected to be aware.

Commitments

23. There are no commitments under capital contracts. There are no other significant commitments or obligations which might adversely affect the board which require to be disclosed.

Yours sincerely

Hugh Dunn

Treasurer

Appendix C: Lothian Valuation Joint Board

DRAFT Annual report on the 2012/13 audit



Prepared for Lothian Valuation Joint Board and the Controller of Audit
September 2013

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Key Messages

2012/13

We have given an unqualified opinion that the financial statements of Lothian Valuation Joint Board for 2012/13 give a true and fair view of the state of the body's affairs and of its net expenditure for the year.

No significant issues were identified during the course of our audit.

Overall the Board's arrangements for the prevention and detection of fraud were satisfactory during 2012/13. From our review of Internal Audit's work on the key controls within the main financial systems, we concluded that the Board's systems of internal control are operating effectively.

Outlook

We confirm the financial sustainability of the Board on the basis of its financial position and projected three-year financial summary. The financial position going forward is however becoming even more challenging than previous years with the flat-lining of budgets alongside the requirement to deliver new electoral working practices, and the ongoing resource pressures around valuation appeal workloads. Expenditure during the year will require to be closely monitored to identify and address any emerging budget pressures or projected overspends at an early stage.

Introduction

1. This report is the summary of our findings arising from the 2012/13 audit of Lothian Valuation Joint Board. The purpose of the report is to set out concisely the scope, nature and extent of the audit. It summarises our opinions (i.e. on the financial statements) and conclusions on significant issues arising.
2. The report also reflects our overall responsibility to carry out an audit in accordance with the public sector audit model which is based on the Code of Audit Practice prepared by Audit Scotland (May 2011). This sets out the wider dimensions of the public sector audit which involves not only the audit of the financial statements but also consideration of areas such as financial performance and corporate governance. An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements prepared by management; however this does not relieve management of their responsibilities in this respect. This report has been prepared for the use of Lothian Valuation Joint Board and no responsibility to any third party is accepted.
3. Appendix A is an action plan setting out the high level risks we have identified from the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "planned management action". We do not expect all risks to be eliminated or even minimised. What we expect is that Lothian Valuation Joint Board understands its risks and has arrangements in place to manage these risks. Members should ensure that they are satisfied with the proposed management action and have a mechanism in place to assess progress.
4. This report is also addressed to the Controller of Audit and will be published on our website after consideration by the Lothian Valuation Joint Board.

Financial statements

Conduct and scope of the audit

5. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in the Annual Audit Plan presented to the Lothian Valuation Joint Board on 18 March 2013 and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011.
6. As part of the requirement to provide full and fair disclosure of matters relating to our independence we can confirm that we have not undertaken non-audit related services. The 2012/13 agreed fee for the audit was disclosed in the Annual Audit Plan and as we were not required to carry out any additional work outwith our planned audit activity this fee remains unchanged.

Audit opinion & accounting issues

7. We have given an unqualified opinion that the financial statements of Lothian Valuation Joint Board for 2012/13 give a true and fair view of the state of the body's affairs and of its net expenditure for the year. The audit opinion was formally issued and signed on **xx** September 2013.
8. We received the unaudited financial statements on 17 June 2013 in accordance with the agreed timetable. The working papers were of a high standard and the staff provided good support to the audit team and we completed our on-site fieldwork on 09 July 2013. Lothian Valuation Joint Board is required to follow the 2012/13 Code of Practice on Local Authority Accounting in the United Kingdom and we can confirm that the financial statements have been properly prepared in accordance with these accounting requirements.

Significant findings (ISA260)

9. There were no significant issues identified in our financial statements audit. A small number of errors were identified by our review and the audited financial statements have been adjusted to reflect this. There were no unadjusted errors included in the ISA 260 report to those charged with governance on the 2012/13 audit.

Financial position

2012/13 Outturn

10. The cost of service in 2012/13 was £5.813 million (£6.040 million in 2011/12). After accounting for income of £6.058 million (£6.268 million in 2011/12), mainly constituent

authorities' contributions, there is a surplus on the provision of services of £0.245 million (£0.228 million in 2011/12).

11. Within these figures, the Board made overall savings of £127,000 against budget. The savings include employee costs of £172,000, property costs of £19,000; transport & plant of £10,000 and support services of £10,000. Overspends against budget included supplies and services costs of £73,000 mainly due to a full replacement programme of desk top PC hardware, and third party payments of £16,000 as the result of higher than anticipated activity of the Valuation Appeals Committee.

2012/13 Financial position

12. In the previous two financial years, the Board agreed to retain the underspends (£228,000 in 2010/11 and £42,000 in 2011/12) to fund possible future liabilities arising from the early release and retirement of staff. A decision on how the 2012/13 underspend of £127,000 will be used will be considered by at the Board meeting in November 2013. The accumulated balance of £397,000 is included in the financial statements as a creditor balance due to constituent authorities.

Treasury management

13. Treasury Management is carried out on behalf of the Board by the City of Edinburgh Council. Its Investment Strategy has been to maintain the bank account as part of the City of Edinburgh Council's group of bank accounts. Investment returns are small and the only investment / counterparty exposure is to the City of Edinburgh Council.

Financial Planning

14. The Local Government Finance Settlement announced by the cabinet Secretary for Finance, Employment and Sustainable Growth on 27 November 2012 confirmed that the revenue funding would be maintained at 2011/12 "flat cash" levels for 2012-15.
15. In February 2013 the Board agreed a revenue budget of £6.118 million for the 2013/14 financial year and an indicative budget for 2014/15 of the same amount. These amounts are in line with the 2012/13 budget of £6.118m, and take account of the "flat cash" funding assumption contained within the Spending Review.

Significant financial risks

16. The Board is funded by four constituent councils. The continuing financial constraints on the public sector mean that the various councils are working towards making considerable savings in their budgets, at a time when the Board is facing resource challenges around preparations required for the referendum vote and the introduction of

Individual Electoral Registration. In addition, the economic climate has resulted in continuing high numbers of valuation appeals. Should the resources available to the Board be reduced much further there is a risk that, without adequate planning of services, the Board's performance may drop and it is unable to fulfil all its statutory duties.

Refer Action Point no. 1

Corporate governance and systems of internal control

Overall governance arrangements

17. The Code of Audit Practice gives auditors a responsibility to review and report on audited bodies' corporate governance arrangements and overall we found the Board had sound governance arrangements in place which included a number of standing committees overseeing key aspects of governance.

Accounting and internal control systems

18. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.
19. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.
20. Internal audit is an important element of the Board's governance structure. Our review established that the work of internal audit is of a good quality allowing us to place reliance on a number of areas including trade payables and trade receivables controls. This not only avoided duplication of effort but also enabled us to focus on other key risk areas. We had planned to place reliance on internal audit's work in relation to payroll, however due to the earlier timing of our financial statements audit we were unable to rely fully on internal audit in 2012/13, and we modified our other audit procedures accordingly.

Prevention and detection of fraud and irregularity

21. In our Annual Audit Plan we highlighted the responsibility audited bodies have for establishing arrangements to prevent and detect fraud and other irregularities. In our opinion the Board's overall arrangements for the prevention of fraud are satisfactory, although it should be noted that no system can eliminate the risk of fraud entirely.

Standards of conduct and arrangements for the prevention and detection of corruption

22. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. Auditors consider whether bodies have adequate arrangements in place. No issues have been identified by us for inclusion in this report.

Best value

Best value and performance

23. Audited bodies have a specific responsibility to ensure that arrangements have been made to secure Best Value. Auditors may also consider the use of resources in services or functions, where the need for this is identified through local audit risk assessments.
24. The Board has not been subject to a specific Best Value audit, and Audit Scotland's current Best Value audit regime (BV2) does not include the smaller joint boards.
25. The Board's framework for achieving Best Value and delivering continuous improvement is detailed in the annual Corporate and Service Plan. The most recent plan, covering the period 2013-2015, was approved by the Board in February 2013.

Acknowledgements

26. We would like to express our thanks to the staff of Lothian Valuation Joint Board for their help and assistance during the audit of this year's financial statements which has enabled us to provide an audit report within the agreed timetable.

Appendix A: Action Plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1	16	The Board is funded by four constituent councils. The continuing financial constraints on the public sector means that the various councils are working towards making considerable savings in their budgets. Should the funding available to the Board be reduced much further there is a risk that, without adequate planning of services, the Board's performance may drop and it is unable to fulfil all its statutory duties.			



Treasury Management Annual Report 2012/13

2nd September 2013

1 Purpose of report

The purpose of this report is to provide an Annual Treasury Report for the financial year 2012/13.

2 Summary

The Board has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector, and under the code, an Annual Report on Treasury Management has to be submitted to the Board after the end of each financial year.

3. Investment Out-turn for 2012/13

3.1 The Board's Investment Strategy has been to maintain its bank account as part of the City of Edinburgh Council's group of bank accounts. Any cash balance is effectively lent to the Council, but is offset by expenditure undertaken by the City of Edinburgh Council on behalf of the Board. Interest is given on month end net indebtedness balances between the Council and the Board in accordance with the Local Authority (Scotland) Accounts Advisory Committee's (LASAAC) Guidance Note 2 on Interest on Revenue Balances (IoRB). In line with recent short term interest rates, the investment return continues to be small, but the Board gains security from its counterparty exposure being to the City of Edinburgh Council. Net end of month balances for the financial year were:

Opening Balance	£750,090.21
April	£480,531.23
May	£550,575.55
June	£619,085.10
July	£752,272.33
August	£787,200.10
September	£798,334.07
October	£869,010.08
November	£624,217.04
December	£740,074.93
January	£827,584.44
February	£871,509.66
March	£785,318.06

3.2 Interest is calculated from the average monthly balance over 11 months. The interest rate applied was 0.422%, giving an interest amount of £3,051.49.

4. Recommendations

It is recommended that the Board notes the Annual Report for 2012/13.

HUGH DUNN
Treasurer

Appendix

None

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