

## Notice of Meeting and Agenda

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**Monday 5 February 2018 at 10:00am**  
**in the City Chambers, High Street, Edinburgh**

**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 November 2017**  
(circulated) submitted for approval as a correct record

**4 Revenue Budget 2018/19 - report by the Treasurer (circulated)**

**5 Budget Report 2018/19 – report by the Interim Assessor and Electoral Registration Officer (circulated)**

**6 Period 9 Financial Statement 2017/18 – report by the Treasurer (circulated)**

**7 Annual Investment Strategy – report by the Treasurer (circulated)**

**8 Transformation and Cultural Change Programme – report by the Interim Assessor and Electoral Registration Officer (circulated)**

**9 Future Meeting Arrangements – June 2018 to June 2019 – report by the  
Chief Executive and Clerk (circulated)**

**Andrew Kerr**  
Chief Executive and Clerk

**Membership**

**The City of Edinburgh Council (9)**

Councillor Chas Booth  
Councillor Phil Daggart  
Councillor Karen Doran  
Councillor David Key (Convener)  
Councillor George Gordon  
Councillor Gillian Gloyer  
Councillor Ricky Henderson  
Councillor Jason Rust  
Councillor Norman Work

**Midlothian Council (2)**

Councillor Margot Russell  
Councillor Pauline Winchester

**West Lothian Council (3)**

Councillor Dave King  
Councillor Andrew McGuire (Vice-Convener)  
Councillor Damian Timson

**East Lothian Council (2)**

Councillor Jim Goodfellow  
Councillor Jane Henderson

**Notes:**

- (1) If you have any questions about the agenda or meeting arrangements, please contact Lesley Birrell | Committee Services | Strategy and Insight | Chief Executive | City of Edinburgh Council | Business Centre 2:1 | Waverley Court | 4 East Market Street | Edinburgh | EH8 8BG | tel 0131 529 4240 | email [lesley.birrell@edinburgh.gov.uk](mailto: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](http://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.



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# **Lothian Valuation Joint Board**

**Edinburgh, 20 November 2017**

**Present:**

**City of Edinburgh Council** – Councillors Key (Convener), Booth, Jim Campbell (substituting for Councillor Rust), Daggart, Doran, Gordon, Gloyer Henderson and Work.

**East Lothian Council** – Councillors Goodfellow and Henderson.

**Midlothian Council** – Councillor Russell.

**West Lothian Council** – Councillors McGuire (Vice-Convener) and Timson.

## **1 Minute**

**Decision**

To approve the minute of the Lothian Valuation Joint Board of 18 September 2017 as a correct record.

## **2 Period 7 Financial Statement 2017-2018**

The Board's actual and budgeted expenditure for the period to 31 October 2017 was reported together with a year end projection to 31 March 2018.

At this stage, the projected outturn against the core budget indicated a forecast spend of £6.080m resulting in a net underspend of £0.084m.

**Decision**

To note the projected outturn position for 2017-2018.

(Reference – report by the Treasurer, submitted)

## **3 Treasury Management – Mid-Term Report 2017-2018**

The mid-term review of the Board's treasury management activity for the first half of the 2017-2018 financial year was presented.

**Decision**

- 1) To note the investment activity undertaken on behalf of the Board.

Lothian Valuation Joint Board  
20 November 2017

- 2) To request that a further detailed update on the cash management position be reported to the next meeting of the Board.

(Reference – report by the Treasurer, submitted)

#### **4 Assessor's Progress Report to the Joint Board**

The Assessor presented an update on the service overview and priorities, current issues and future direction of the Joint Board.

Service priorities over the next three months were:

- Conclude the household canvass
- Publish the revised Electoral Register on 1 December 2017
- Continue to process all applications received for electoral registration, absent votes, opt out and change of name applications
- Continue with doorstep canvass
- Continue with engagement activities

Progress continued to be made in respect of the transformation and cultural change programme. The recently announced recommendations from the Barclay Review provided an additional point of focus for reviewing and redesigning the current organisational business model.

The Interim Assessor intended to provide a business case analysis on the Board's Early Release Policy to the Treasurer and Convener in the first instance prior to submitting a report to a future meeting of the Board.

#### **Decision**

To note the updates in the report.

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

## Revenue Budget 2018/19

5<sup>th</sup> February 2018

### 1 Purpose of report

The purpose of this report is to present the revenue budget for 2018/19 for approval. The report has been prepared in consultation with the Assessor and Electoral Registration Officer.

### 2 Summary

- 2.1 The Board is requested to approve a one-year budget for 2018/19 of £5.847m. This represents a reduction of £0.271m (-4.4%) from the £6.118m approved for 2017/18.
- 2.2 The Assessor and ERO has undertaken a Transformation and Cultural Change Programme service review during 2017/18, the outcomes have been built in to the 2018/19 budget and the Assessor will update the Board separately on this agenda. The Change Analysis at Appendix 1 details the most significant adjustments in terms of the staffing numbers approved within the 2017/18 budget, these are highlighted below;

Staffing changes from approved budget 2017/18		
	Head count	% reduction / increase
<b><u>Posts removed</u></b>		
Depute Assessor	-1	
Voluntary Early Release	-13	
	<b>-14</b>	<b>-14%</b>
<b><u>Posts added</u></b>		
IER customer assistants (transferred from IER budget)	4	
Valuation	6	
	<b>10</b>	<b>10%</b>
<b>Net reduction</b>	<b>-4</b>	<b>-4%</b>

- 2.3 The Board will continue to incur Individual Electoral Registration costs (IER) in 2018/19 and the Cabinet Office has stated its commitment to provide IER grant until 31<sup>st</sup> March 2020. The position on costs/funding from 2020/21 is less certain. The Assessor has embedded four IER posts within the 2018/19 core budget as part of the revised staffing structure. If IER grant is removed from 2020/21 and no alternative funding provided then the Assessor will require to present options to the Board during 2019 to contain the cost (£0.275m for 2018/19).
- 2.4 The table below estimates a closing reserve position at 31<sup>st</sup> March 2018 of £0.676m based on the 2017/18 forecast presented to the Board previously on this agenda.

<b>General reserve</b>	<b>£'000</b>
<b>Balance 31st March 2017</b>	<b>(1,011)</b>
2017/18 forecast drawdown	335
<b>Estimated closing balance 31st March 2018</b>	<b>(676)</b>

### **3 Revenue Budget 2018/19**

3.1 A revenue budget of £5.847m is proposed for 2018/19. The proposed revenue budget includes inescapable growth:

- Provision of £0.117m for employee cost pressures of pay award (2.4%) and increments.
- Provision of £0.022m for the additional cost of employer pension contributions due to the 0.5% increase from 20.9% to 21.4%, following Lothian Pension Fund Actuarial Review 2017

The Analysis of Budget Change in Appendix 1 details all budget movements from the approved budget 2017/18. The detailed revenue budget for 2018/19 is shown in Appendix 2.

### **4 Local Government Finance Settlement and Constituent Councils budgets**

4.1 The Cabinet Secretary for Finance and the Constitution presented a provisional one-year Local Government Finance Settlement to the Scottish Parliament as part of the 2018/19 Draft Scottish Budget on 14<sup>th</sup> December. The draft Settlement is subject to consultation until 26<sup>th</sup> January and adjustments to each council's allocation could arise thereafter. The final settlement was not available at the time of agenda publication.

4.2 Compared on a like-for-like basis and taking account of monies provided in respect of new commitments and/or pressures, the headline year-on-year Scotland-wide decrease (based on the provisional settlement) in revenue funding is around £153m, or 1.6%, of total current funding. The rate of reduction varies from council to council.

4.3 Longer-term funding assumptions remain subject to uncertainty. There remains a considerable risk that there will be further cash-reductions in funding provided through the Scottish Block grant for 2019/20 and beyond.

### **5 General Reserve / Risk**

5.1 The Board has the ability to retain a general reserve but does not have a formal reserve policy. The reserve balance at 31<sup>st</sup> March 2017 was £1.011m and as per paragraph 2.4 is expected to reduce to £0.676m (11.6%) by 31<sup>st</sup> March 2018; predominantly due to funding of one-off VR exit costs.

5.2 A review of reserves held by other valuation joint boards was undertaken and reported to the Board in September 2017. An action was taken to formalise a reserves policy within the 2018/19 budget report.

5.3 The review carried out and reported in September was based on published annual accounts/budget reports available at that time and concluded that reserves levels and policies were not consistent between Boards. Of the fourteen Assessors in Scotland, four are appointed directly by a single Council and the remaining ten are appointed by Valuation Joint Boards.

Information on reserve levels of the four appointed by a single council was not readily available so the review was based on the ten joint boards.

5.4 The reserves held by these ten joint boards ranged from between 3% – 23% when compared to budgeted expenditure. Five of the Boards did not have a formal reserves policy and for the five that did, reserve levels were maintained within a minimum percentage of total budget. This ranged from a minimum of 2% to 6% depending on each Board's requirement. The level of reserves maintained by each Valuation Board is therefore unique to the level of risk, funding pressures and future financial commitments specific to each Board.

5.5 Reserves can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- A contingency to cushion the impact of unexpected events and emergencies;
- A means of building up funds to meet known or predicted liabilities, for example, costs of voluntary early release schemes.

5.6 CIPFA and the Local Authority Accounting Panel consider that local authorities (including Joint Boards) should establish reserves including the level of those reserves based on the advice of their chief finance officers (the Treasurer). Valuation Boards should make their own judgements on such matters considering all the relevant local circumstances. Such circumstances within Valuation Boards are unique and vary between Board's dependant on business needs and risk factors.

5.7 It is the responsibility of the Treasurer to advise the Board about the level of reserves that it should hold and to ensure that there are clear protocols for their establishment and use.

5.8 In order to assess the adequacy of the unallocated reserves, it is necessary to take account of the strategic, operational and financial risks facing the Board. The assessment should take account of controls in place to manage identified risks together with the overall financial standing of the Board and general arrangements to support effective financial risk management. The Assessor and Electoral Registration Officer has provided detail on risks within his Budget Report 2018-2019 presented separately on this agenda. The key financial and operational risks facing the Board summarised below include;

- **Inescapable growth - annual budget pressure - +£0.1m**

The cost of pay awards and increments for 2018/19 is £0.117m. The Assessor has managed this cost previously through vacancy control. However, the full staffing and service review carried out through the Transformation and Cultural Change Programme and new structure will reduce flexibility on managing this annual cost pressure going forward. Whilst accepting that the structure will be reviewed in conjunction with continuing process review, the option to meet inescapable growth through annual reductions in staffing numbers is not sustainable in the long-term.

- **IER - potential annual budget pressure +£0.3m**

The Cabinet Office has stated its commitment to fully fund IER until at least 31 March 2020. An unbudgeted cost will arise in 2020/21 if the costs of IER are not fully funded by the Cabinet Office through direct grant or through an increase in block grant to the Scottish Government, ring-fenced for this

purpose. Based on the proposed revenue budget for 2018/19, the level of financial risk is approximately £0.275m.

- **Revaluation 2017 - budget pressure unquantifiable at this stage**  
The appeal levels are at the highest level following the revaluation. There are financial risks around these appeals including staffing resource/overtime, external legal costs and additional costs relating to the Valuation Appeals Committee.
- **Barclay Review of NDR - budget pressure unquantifiable at this stage**  
The recent review gives rise to additional pressures to the Board. Short term pressures may arise from property category investigations and ICT investment relating to changes to the revaluation cycle. As the outcomes and changes to the revaluation process proceed, longer term pressures could be inevitable in terms of staffing resource and on-going support costs.
- **Election/Referendum pressures - budget pressure unquantifiable at this stage (£0.06m unbudgeted overtime incurred 17/18)**  
Short-term election/referendum timetables can seldom be fully anticipated. As a result, there is a risk of staffing overtime and support cost pressures should further unplanned elections arise. Whilst these pressures have been managed in the past by vacancy management there will be less flexibility going forward as a result of the Transformation and Cultural Change Programme service review and implementation of a new structure.
- **Future Financial Stability - budget pressure unquantifiable at this stage (£0.5m incurred at first stage of Transformation Programme)**  
The Transformation and Cultural Change Programme has achieved its objectives by delivering a comprehensive service and staffing review and delivering savings. Further redesigning of the business model is inevitable and further structural review and VR release costs cannot be ruled out at this stage. In addition, unbudgeted ICT investment/ongoing costs may arise as ICT changes are delivered to support the Transformation Programme. The general reserve requires to be maintained to mitigate the financial risk of future one-off costs until the organisation achieves steady state.
- **Council Tax - budget pressure - unquantifiable at this stage**  
This represents an area of uncertainty. Whilst it's anticipated that any changes to the system resulting in additional costs will be funded by the Scottish Government the financial risk associated with change must be regarded as a budget risk.
- **Other budget risks**  
The combination of the major risks referred to in this section and the uncertainty of legislation and timetabling results in ongoing risk to the Board. Not all of these risks can be quantified at this stage. Risks are inherent in any budget process and it is essential that risks are monitored regularly and, where necessary, action is taken to control and manage risks. The Board will continue to be updated during 2018/19 on the performance of the 2018/19 budget.



## 6 General Reserve / Formal Policy

6.1 Based on the risks highlighted above, it is recommended that the Board approval a formal reserve policy as follows:

- Maintain a minimum general reserve level of 3% based on the annual requisition to mitigate the risks highlighted in paragraph 5.8.
- Retain uncommitted balances within the general reserve in excess of 3% and provide the Board with an annual report in November to support risk/identified commitments against this balance. This will enable the Board to make a decision within the year of budget approval on the requirements for this balance.

6.2 At this stage, it is recommended that the Board retain the balance of uncommitted reserve in excess of 3% until as such time that the Assessor can report on the most significant risks highlighted in paragraph 5.8. The most significant being further one-off exit costs associated with ongoing Transformation Programme service review. The first stage of transformation incurred £0.5m of one-off exit costs. Whilst also accepting that IER may only become an ongoing pressure from 2020/21 further updates are required to the Board of discussions on funding between the Assessor and the Cabinet Office. There is an annual cost pressure of around £0.275m relating to IER.

6.3 The above will require the Assessor to report back during 2018/19 on the performance of the new structure and any options to implement further staffing efficiencies. It is recommended that an update be provided to the Board by November 2018 in advance of preparation of the 2019/20 budget in-line with the proposed Reserves Policy to report on balances held in excess of 3%.

6.4 On the basis that all budget proposals are approved, 17/18 figures outturn on forecast and 18/19 on budget, it is estimated that the Board's unallocated reserve at 31st March 2019 will be £0.676m. This level of unallocated reserve is considered to provide adequate assurance for the Board at this stage.

## 7 Requisition allocation basis between constituent councils

7.1 The apportionment of the 2018/19 requisition is based on the constituent councils share of GAE lines in the Scottish Government's 2017/18 Green Book. The 2018/19 figures will not be available until March 2018.

## 8 Recommendations

8.1 The Board is recommended to approve the proposed budget for 2018/19 and the issue of requisition requests from the Treasurer to constituent councils as follows:

Proposed requisition 2018/19	2018/19 £	2018/19 %
The City of Edinburgh	£3,575,028	61.14%
Midlothian Council	£539,704	9.23%
East Lothian Council	£636,184	10.88%
West Lothian Council	£1,096,365	18.75%
<b>Total</b>	<b>£5,847,281</b>	<b>100.00%</b>

- 8.2 The Board is recommended to approve a formal reserves policy based on holding a general reserve with a minimum value of 3% of annual requisition. Balances held in excess of 3% require to be reviewed annually in-line with risk/identified commitments and an update provided to the Board in the November following the budget approval date.
- 8.3 Note that the Assessor and ERO will report to the Board on performance of the service review during 2018/19, including any options to implement further efficiencies through the voluntary early release scheme by November 2018;
- 8.4 Note that the Assessor and ERO will update the Board during 2018/19 of any changes to IER with service/financial implications.
- 8.5 Note the risks identified in section 5 of the report. The Assessor and Treasurer will provide further updates on these in budget update reports throughout 2018/19.

**Hugh Dunn,  
Treasurer**

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Appendices:

Appendix 1 - Analysis of Budget Change  
Appendix 2 - Revenue Budget 2018/19

Contact/Tel:

Mr. T MacDonald: 0131 469 3078

Background papers:

Held at the Office of Treasurer

## Appendix 1 - Analysis of Budget Change

	£'000	£'000	£'000	
<b>BUDGET 2017/18</b>			<b>£6,118</b>	<b>% Change</b>
<b><u>1. Core Budget</u></b>				
<b>1.1 <u>Employee establishment changes - transformational change</u></b>				
<b><u>Posts removed</u></b>				
· Depute Assessor post removed	(£128)			
· 13 x VR's	(£449)			
		<b>(£577)</b>		
<b><u>Posts added</u></b>				
· 4 x CSA posts added to core budget	£89			
· 4 x Trainee valuers	£133			
· 2 x Trainee tech	£45			
		<b>£267</b>		
<b>1.2 <u>Employee budget - budget reductions</u></b>				
· Remove Government apprenticeship levy	(£16)			
· Staff working reduced hours/minor adjustments	(£21)			
		<b>(£37)</b>		
<b>1.3 <u>Employee budget - annual pressures</u></b>				
Pay Award	£86			
Increments	£31			
Employer pension contribution rate increase	£22			
Overtime budget increased	£15			
		<b>£154</b>		
<b>Total employee cost budget (saving) / pressure</b>			<b>(£193)</b>	
<b>1.4 <u>Other budget - annual pressures</u></b>				
Rates inflation		<b>£5</b>		
			<b>£5</b>	
<b>1.5 <u>Efficiencies</u></b>				
· Rates reduction following 2017 Revaluation		<b>(£83)</b>		
			<b>(£83)</b>	
<b>TOTAL CORE BUDGET MOVEMENTS</b>			<b>(£271)</b>	<b>(4.4%)</b>
<b><u>2. IER Budget</u></b>				
<b>2.1 <u>Employee changes</u></b>				
· 4 x Canvasser posts removed	(£72)			
· 4 x Customer Support Assistants removed	(£89)			
		<b>(£161)</b>		
<b>2.2 <u>Pressures:</u></b>				
· Pay Award	£5			
· Increments	£2			
· Overtime	£2			
		<b>£9</b>		
<b>Total employee cost budget (saving) / pressure</b>			<b>(£152)</b>	<b>(2.5%)</b>
<b>Income adjustment relating to budget movements above</b>			<b>£152</b>	<b>2.5%</b>
<b>PROPOSED BUDGET 2018/19</b>			<b>£5,847</b>	<b>(4.4%)</b>

## Appendix 2 – Revenue Budget 2018/19 – Subjective Analysis

Core Budget	Budget 17/18 £'000	Budget 18/19 £'000	Movement £'000
<b><u>Employee Costs</u></b>			
Wages and Salaries	3,311	3,138	-173
National Insurance	333	312	-21
Superannuation	664	667	3
Canvass Staff	127	127	0
Unfunded Pensions	122	120	-2
Pension Deficit	3	3	0
Allowances	3	3	0
Agency Staff	6	6	0
	<b>4,569</b>	<b>4,376</b>	<b>-193</b>
<b><u>Premises Costs</u></b>			
Rents	305	305	0
Rates	194	116	-78
Cleaning & Domestic Supplies	35	35	0
Energy Costs	29	29	0
Water Services	16	16	0
Building Repairs, Alterations & Maintenance	11	11	0
Premises Insurance	5	5	0
Grounds Maintenance Costs	4	4	0
	<b>599</b>	<b>521</b>	<b>-78</b>
<b><u>Transport Costs</u></b>			
Car Allowances	63	63	0
Public Transport	22	22	0
Transport Insurance	10	10	0
Contract Hire & Operating Leases	0	0	0
Direct Transport Costs	1	1	0
	<b>96</b>	<b>96</b>	<b>0</b>
<b><u>Supplies &amp; Services</u></b>			
Postages	299	299	0
ICT	227	227	0
Printing, Stationery & Gen Office Exp	87	87	0
Telephony	40	40	0
Legal Services	30	30	0
Training, Conferences and Members remuneration	20	20	0
Insurance	21	21	0
Equipment, Furniture & Materials	14	14	0
Audit fee	7	7	0
Miscellaneous Expenses	3	3	0
Subscriptions	2	2	0
Catering	0	0	0
Clothes, Uniform & Laundry	1	1	0
	<b>751</b>	<b>751</b>	<b>0</b>
<b><u>Third Party Payments</u></b>			
Appeals Committee	50	50	0
Maintenance Contractors	31	31	0
Other Agencies	1	1	0
	<b>82</b>	<b>82</b>	<b>0</b>
<b><u>Support Services</u></b>			
Central Support Costs	67	67	0
	<b>67</b>	<b>67</b>	<b>0</b>
<b><u>Income</u></b>			
Customer & Client Receipts	-43	-43	0
Interest	-3	-3	0
	<b>-46</b>	<b>-46</b>	<b>0</b>
<b>Total core services</b>	<b>6,118</b>	<b>5,847</b>	<b>-271</b>

# BUDGET REPORT

## 2018 - 2019



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### 1 INTRODUCTION

The report provides information that indicates the alignment between budget provision and service delivery. In so doing it supports the proposed budget for 2018/19 presented by the Board's Treasurer.

The 2018/19 Corporate and Service Plan is attached as Appendix 1 and provides detail on the range of organisational and service delivery activities that shall be undertaken during the year.

In addition risks that may impact on service delivery and subsequently budget allocation are discussed. This information supports the Treasurer's proposal in respect of the Board's budget reserve fund.

In broad outline the principal service delivery activities for 2018/19 shall be the continuing disposal of appeals arising from the 2017 Revaluation, maintenance of the Valuation Roll, entering new domestic subjects onto, and maintaining the Council Tax List, disposal of Council Tax appeals, and subject to the calling of unexpected elections or referendums, the annual household electoral registration canvass, the maintenance of the register and elector engagement activities.

In terms of organisational activities the focus shall be on the detailed implementation and ongoing development of the Transformation and Cultural Change Programme.

### 2 PROPOSED BUDGET 2018/19

The Treasurer's 2018/19 budget report provides detailed information on the budget proposals.

In general terms, the budget recommends a reduction of 4.4% from the 2017/18 funding level. This provides a 2018/19 budget of £5.847 million.

This budget proposal has been achieved primarily through the Transformation Programme. Details of which, its objectives and achievements, form part of a specific report to the Board.

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### **3 BUDGET AND SERVICE DELIVERY RISKS**

Identified and discussed below are a number of risks that could impact on proposed funding levels and aspects of service delivery during 2018/19 and subsequent years.

#### **3.1 2017 Revaluation**

The number of Revaluation appeals received following the 2017 Revaluation is the largest ever. Coupled with normal annual appeal activity, some 16,000 appeals shall require to be dealt with over the coming three years. Such a volume of work creates considerable pressure on available resources. Overtime may be required not only to assist with the disposal of this workload but also with the impact such a workload shall have on other annual Valuation Roll activities. The recent Transformation Programme has provided a level of re-organisation and process review that shall, to an extent, mitigate risks in this regard however there shall be considerable pressure on resources during this period.

An additional aspect of the appeal disposal workload is the level of recourse made to the Valuation Appeal Committee, Lands Valuation Appeal Court and Lands Tribunal. While this is currently unmeasurable it is reasonable to expect that given the high appeal volumes court activity shall increase. Such activity can give rise to additional costs in terms of securing appropriate legal advice and representation. Current budget allocation may fall short of that necessary to service this aspect of appeal work.

Also requiring consideration are the costs associated with the administration of the Valuation Appeal Committee. These primarily relate to the fees of the Committee secretaries and room hire charges. Legislation provides that these costs are met by the Board and its constituent authorities. The secretaries' fee scale is set by the Sheriff Principal with the level of the activity of the Committee determining the amount of fees levied. While an element to cover this is currently included within budget, increased budgetary pressure is likely to occur over the next three years.

#### **3.2 2017 Barclay Review of NDR**

The recent Barclay Review of NDR and the Scottish Government's formal response give rise to a number of additional pressures.

Major changes to the Revaluation cycle and associated valuation tone date shall involve considerable re-engineering of the revaluation process, from information gathering, to data analysis, through to the valuation process and delivery of a Revaluation. Initial implementation plans and outline timetables shall be created shortly. Heavy reliance shall be placed on ICT development providing many solutions to this pressure. Such development may give rise to initial spending and thereby avoid longer term and persistent costs. While steps have been taken within the Transformation Programme to support the valuation staffing resource, this change to the revaluation process may create challenges and risks that shall place this resource under considerable strain.

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In the shorter term the Barclay Review gives rise to a number of issues which may create additional budgetary risk. Investigations into certain property categories such as vacant ground, the renewable energy sector, self-catering properties and, plant and machinery valuation, in association with the expectation of a higher level of engagement, may, once properly assessed, add pressures not currently accommodated.

### **3.3 Individual Electoral Registration**

The introduction of Individual Electoral Registration (IER) has left an annual cost beyond that provided within budget. This cost arises from legislative changes to the electoral process that require to be carried out. It can be specifically identified as additional printing, postage and canvasser costs. Since 2014/15 when IER was introduced, the Cabinet Office has provided EROs, nationally, with additional funding to cover these additional costs. The Cabinet Office have committed to maintain this funding until 2020 and have recently indicated that funding may extend to 2022. Notwithstanding, national investigations are underway to review current IER processes that may lead to cost reductions without impacting on the overall objectives of the IER programme. These are mainly centred on the annual household canvass which contributes considerably, although not exclusively, to the additional IER cost position.

It should be anticipated that at some point Cabinet Office funding towards IER costs shall cease and that, while some alteration to the IER legislative requirement and associated process may be enacted, a residual legacy cost shall remain. At that stage a range of options that balance cost against IER service delivery shall require to be considered, however it is clear that this represents considerable risk to existing budgetary levels.

The Transformation Programme has provided the opportunity to consolidate an element of additional IER cost into the core budget without creating extra financial burden and thereby provide an element of mitigation. Further opportunities of this nature shall continue to be sought.

### **3.4 Elections and Referendums**

In recent years regular elections and referendums have created increased interest and participation in the electoral and election process. While this is to be welcomed such levels of participation place considerable pressure on resources and processes during short election timetables. This increased participation, the level of which cannot be fully anticipated, in conjunction with newly introduced, complex and at times lengthy processes required under IER, place significant financial pressure on the organisation. This can be evidenced by the considerable overspends within overtime allocation witnessed in the last few years. Such overspends had been accommodated by an inter year policy of vacancy control, however following the Transformation Programme such an approach shall not be available. Due to the unpredictable nature of these election workloads it remains a challenge to provide sufficient budgetary provision on an ongoing annual basis.

### **3.5 Future Financial Sustainability**

The Joint Board is in the process of delivering on its Transformation Programme. This has fulfilled its key objectives of reviewing all major process and procedures, a restructuring of

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the staffing compliment, and a reduction in annual budget requirement. In order to fund the costs that arise from the Board's policy on Early Release it has been necessary to access the Board's Reserve Fund.

The Transformation exercise envisages an ongoing programme of review that creates further opportunities for redesigning the business model, seeking further efficiencies and enabling structural review. To support such activity the Reserve Fund must be maintained at a level that provides adequate flexibility in order to underpin any change programme. Failure to do so may place the organisation at risk of not being able to meet the financial constraints and challenges that lie ahead.

### **3.6 ICT Development Supporting Transformation Programmes**

The current Transformation Programme is underpinned by a detailed investigation into current process and procedures all of which are delivered through in-house ICT facilities. A project management timetable is already constructed that shall ensure the required ICT changes are delivered. A number of the process changes shall require investment, for example improvements and efficiencies during external survey can be achieved through the adoption of external survey devices and this requires an initial financial outlay. Current budget provision for ICT is set at a level that maintains ongoing system requirements. There is limited scope for new additional investment unless a financial injection can be achieved.

### **3.7 ICT Security**

The risk presented by hacking and cyber-attacks is current and ongoing. The Board's systems during 2016/17 suffered a ransomware attack which thankfully, following quick reaction, created limited disruption. However as attacks become more sophisticated it is imperative that systems are suitably maintained and protected in order to provide maximum protection against such unwelcome and damaging intrusion. To achieve this requires an ongoing commitment to expenditure on system and software upgrade and renewal.

### **3.8 Council Tax**

The future of Council Tax remains an unknown factor. Any significant change to Council Tax requirements shall require a matching financial investment. Existing resources are geared towards meeting current legal requirements of council tax service delivery. While it is reasonable to assume that any significant changes that Assessors are required to meet shall be supported by specific funding from Scottish Government the ongoing financial burden that shall arise following such changes must be regarded as a budgetary risk.

## **4 BUDGET RESERVE**

The Board's budget reserve fund currently stands at £1.011m. Following approval of the proposed 2018/19 budget the reserve shall reduce to £0.676m reflecting the costs associated with staff reductions under the Transformation Programme.

4.../



The Treasurer has previously provided information on the general level of budget reserve maintained by other Valuation Joint Boards. These range from 3% to 23% of budgeted expenditure.

In light of the risks identified within this report, and to maintain the ability to undertake further review activity, it is recommended that the current reserve balance be retained and a minimum reserve level of 3% of annual budget requisition be maintained as an ongoing policy. This shall provide a level of mitigation against the impact of the potential risks identified.

The Assessor shall provide further reports to the Board during the year on the risks facing the Board allowing consideration to be given to the ongoing necessity for retaining the reserve balance above the minimum 3% level.

## **5 RECOMMENDATION**

The Board is asked to note the support provided by the Assessor to the proposed 2018/19 budget and the range of possible risks that may impact on current and future budget allocation and associated service delivery.

In particular Board approval is sought for the adoption of a general reserve fund at the level indicated and to be managed in the manner outlined. This approval supporting the recommendation of the Board's Treasurer.

**Graeme Strachan**  
**Interim Assessor and Electoral Registration Officer**

*Appendix 1: 2018/19 Corporate and Service Plans*

January 2018

## SERVICE MISSION & VISION

Lothian Valuation Joint Board's **mission** is to ensure best value and provide equitable, customer focussed, quality, professional valuation and electoral registration services for all its stakeholders.

Our **vision** is to provide valuation and electoral registration services in accordance with statute at levels of excellence which meet expectations.

### AIMS & OBJECTIVES

**In order that we fulfil our Mission and achieve our Vision we will:-**

- Ensure that our services are delivered in accordance with all statutory requirements.
- Plan service development and delivery in accordance with the principles of Best Value.
- Take individual and collective responsibility for the services provided by LVJB.
- Monitor and report performance levels to stakeholders.
- Integrate Equalities issues into all aspects of our service provision.
- Ensure good governance in all aspects of our service provision.
- Build on our achievements to date.

### Key goals of the service

1. To ensure timeous publication and maintenance of the **Valuation Roll**.
2. To ensure timeous publication and maintenance of the **Council Tax List**.
3. To ensure timeous publication and maintenance of the **Electoral Register** and registration services at elections.
4. To develop, prepare and publish reports to improve customer knowledge and ensure attainment of good **Community Focus**.
5. To set standards and undertake corporate improvement in **Service Delivery Arrangements** and review the performance management and planning framework to ensure continuous improvement.
6. To deliver changes and improvements identified under the Transformation Programme and through the ongoing process of **Structure and Process** review.
7. To review, monitor and maintain organisational **Risk Management and Internal Controls** to ensure efficient and effective delivery of service.
8. To develop, adopt and review formal documentation and systems to ensure **Standards of Conduct** are adhered to.
9. To plan and deliver an **organisational development strategy** considering corporate initiatives to ensure efficiency and quality of service delivery.
10. To engage in **key partnership working** to ensure the integrated delivery of efficient government.

### EXECUTIVE RESPONSIBILITIES

No	Task/Project	Responsibility	Performance Measures
1	To ensure statutory duties are carried out for maintenance of the <b>Valuation Roll</b> and ensure timeous publication of the 2017 Revaluation Roll.	Executive	<ol style="list-style-type: none"> <li>1. Maintain Valuation Roll in line with statutory requirements.</li> <li>2. Commence a programme of 2017 Revaluation and Running Roll appeal disposal.</li> <li>3. Monitor appeal disposal against statutory requirement and programme timetable.</li> <li>4. Dispose of LTS and LVAC appeals as appropriate.</li> <li>5. Audit processes, procedures and values.</li> <li>6. Further develop IT systems, applications and communications.</li> <li>7. Commence investigation into changes required under Barclay Review of NDR.</li> <li>8. Maintain and seek improved performance.</li> </ol>
2	To ensure statutory maintenance of the <b>Council Tax List</b> .	Executive	<ol style="list-style-type: none"> <li>1. Maintain CT List in line with statutory requirements.</li> <li>2. Dispose of proposals &amp; appeals.</li> <li>3. Audit processes, procedures and Bands.</li> <li>4. Further develop IT systems, applications and communications.</li> <li>5. Develop a new build forecast report.</li> <li>6. Maintain performance.</li> </ol>
3	To ensure timeous publication and maintenance of the <b>Electoral Register</b> and registration services at elections.	Executive	<ol style="list-style-type: none"> <li>1. Prepare and publish the Electoral Register by 1<sup>st</sup> December 2018.</li> <li>2. Maintain ER for update statutory date each month.</li> <li>3. Undertake the annual household canvass seeking process improvements.</li> <li>4. Dispose of any registration appeals.</li> <li>5. Prepare and ensure refresh of AV personal identifiers in January 2019.</li> <li>6. Prepare for and ensure effective management of registration duties for any elections or referendums called during the year.</li> <li>7. Audit processes, procedures and accuracy to ensure quality registration delivery.</li> <li>8. Further develop IT systems, applications and communications.</li> <li>9. Develop a strategic plan to support engagement activities.</li> <li>10. Maintain performance.</li> </ol>

4	To develop, prepare and publish reports to improve customer knowledge and ensure attainment of good <b>Community Focus</b> .	Executive	<ol style="list-style-type: none"> <li>1. Prepare and publish statutory reports.</li> <li>2. Prepare and present reports to LVJB.</li> <li>3. Maintain customer targeted policies.</li> <li>4. Maintain appropriate public engagement schemes.</li> <li>5. Maintain, update and improve LVJB website.</li> </ol>
5	To set standards and undertake corporate improvement in <b>Service Delivery Arrangements</b> and review the performance management and planning framework to ensure continuous improvement.	Executive	<ol style="list-style-type: none"> <li>1. Maintain VR key and internal performance indicators.</li> <li>2. Maintain CT key and internal performance indicators.</li> <li>3. Meet new Electoral performance indicators set by the Electoral Commission.</li> <li>4. Prepare, implement, monitor and review of Corporate and Service Plans.</li> </ol>
6	To review roles, responsibilities, <b>Structures and Processes</b> to ensure effective balance of responsibility and authority.	Executive	<ol style="list-style-type: none"> <li>1. Review Standing Orders, Scheme of Delegation and Financial Regulations; 5 yearly.</li> <li>2. Adhere to Standing Orders, Scheme of Delegation and Financial Regulations; 5 yearly.</li> <li>3. Implement and progress the objectives of the Transformation Programme.</li> </ol>
7	To review, monitor and maintain organisational <b>Risk Management and Internal Controls</b> to ensure efficient and effective delivery of service.	Executive	<ol style="list-style-type: none"> <li>1. Initiate the Governance, Best value and Risk Group</li> <li>2. Identify, mitigate and monitor risks.</li> <li>3. Undertake internal audit activity and joint working with external audit.</li> <li>4. Review all audit recommendations and implement recommendations as appropriate.</li> <li>5. Maintain task specific, strategic and rolling risk registers.</li> <li>6. Report risks to LVJB and review risk strategy framework as required.</li> </ol>
8	To develop, adopt and review formal documentation and put in place appropriate systems to ensure <b>Standards of Conduct</b> are adhered to.	Executive	<ol style="list-style-type: none"> <li>1. Review, amend and re-introduce a PRD process.</li> <li>2. Monitor and review compliance to Records Management, FOI, Data Protection and Equalities.</li> <li>3. Report on Whistle Blowing.</li> <li>4. Provide management, guidance and support timeously.</li> </ol>
9	To plan and deliver an <b>organisational development strategy</b> considering corporate initiatives to ensure efficiency and quality of service delivery.	Executive	<ol style="list-style-type: none"> <li>1. Implement and develop the Transformation Programme objectives.</li> <li>2. Implement, monitor and review Corporate Plans.</li> <li>3. Implement, monitor and review Service Plans.</li> </ol>

10	To engage in <b>key partnership working</b> to ensure the integrated delivery of efficient government.	Executive	<ol style="list-style-type: none"> <li>1. Encourage partnership working with constituent authorities.</li> <li>2. Encourage partnership working with public and civil servants e.g. VOA, SAA, Scottish Government, Electoral Commission, Cabinet Office, EMB etc.</li> <li>3. Maintain partnership working with external professional bodies e.g. RICS, IRRV, AEA etc.</li> </ol>
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### Strategic Aims & Operational Objectives 1

To ensure statutory duties are carried out for maintenance of the **Valuation Roll** and ensure timeous publication of the 2017 Revaluation Roll.

Performance Measures		Strategic Aims / Operational Objectives	
1.1	Maintain Valuation Roll in line with statutory requirements.	Maintain and update survey records in line with relevant guidance and practice.	Assistant Assessor
		Consider planning and building warrants and take appropriate action to maintain records	Assistant Assessor
		Prepare valuations in line with practice notes and 'tone' evidence.	Assistant Assessor
		Update VR daily, issue Valuation Notices daily; provide update to constituent authorities Finance weekly.	Assistant Assessor
		Continue to update rental, cost and turnover analysis to ensure accuracy of the Roll	Assistant Assessor
1.2	Dispose of Revaluation 2017 and running roll appeals within statutory time frame including LTS & LVAC appeals.	Correspond with appellants in line with legal requirements and LVJB standards.	Assistant Assessor
		Ensure appeals are allocated to appropriate number of court dates.	Assistant Assessor
		Monitor disposal progress, reduction levels and reasons for reduction.	Assistant Assessor
		Monitor and ensure amendments are processed timeously.	Assistant Assessor
		Ensure compliance with LTS and quality preparation of cases	Assistant Assessor
1.3	Audit processes, procedures and values.	Audit valuation processes procedures and issued values.	Head of Governance
		Audit appeal processes, procedures and outcomes.	Head of Governance
		Consider presented audit reports.	Executive
1.4	Further develop IT systems, applications and communications	Review and further develop valuation applications.	Assistant Assessor/ ICT
		Develop new classes of information for summary valuation purposes.	Assistant Assessor/ICT
1.5	Maintain performance.	Maintain efficiency in survey procedures.	Assistant Assessor
		Maintain fairness and accuracy of valuations.	Assistant Assessor
		Maintain performance in terms of KPIs and internal indicators.	Assistant Assessor

### Strategic Aims & Operational Objectives 2

To ensure statutory maintenance of the **Council Tax List**.

2.1	Maintain CT List in line with statutory requirements	Ingather and analyse sales evidence.	Assistant Assessor
		Maintain and update survey records.	Assistant Assessor
		Prepare reviewed bandings and amend for sold houses.	Assistant Assessor
		Ensure accuracy of all amended and new bands.	Assistant Assessor
		Update CT daily, issue band change notices daily and notify councils weekly.	Assistant Assessor
2.2	Dispose of proposals & appeals	Correspond with appellants in line with legal requirements and LVJB standards.	Assistant Assessor
		Administer properly all proposals and appeals and commence the process of timetabled disposal in association with the Valuation Appeal Committee.	Assistant Assessor
		Monitor band reductions.	Assistant Assessor
		Ensure amendments are processed timeously.	Assistant Assessor
2.3	Audit processes, procedures and Bands	Audit banding processes, procedures and issued bands	Head of Governance
		Audit appeal processes, procedures and outcomes.	Head of Governance
		Consider presented audit reports.	Executive
2.4	Further develop IT systems, applications and communications	Consider workflow and work improvements	Assistant Assessor/ICT
		Ensure all new and altered records are saved in electronic format	Assistant Assessor/ICT
2.5	Maintain performance	Maintain efficiency in survey procedures.	Assistant Assessor
		Maintain quality of bandings by reference to band reductions on appeal.	Assistant Assessor
		Maintain performance in terms of KPIs and internal indicators.	Assistant Assessor



### Strategic Aims & Operational Objectives 3

To ensure timeous publication and maintenance of the **Electoral Register** through full Individual Electoral Registration.

Performance Measures		Strategic Aims / Operational Objectives	
3.1	Prepare and publish ER by 1 <sup>st</sup> December 2018 and annually thereafter	Publish Electoral Register in paper format and electronic format by 1 <sup>st</sup> December 2018 and each year thereafter.	Assessor
		Carry out postal and door to door canvass in line with legislation and to maximise registration.	Head of Administration
		Ensure appropriate advertising/publicity initiatives are in place in conjunction with EC public engagement strategy.	Head of Administration
		Action all postal vote applications received during and outside the canvass period.	Head of Administration
		Distribute register in requested format to persons as defined by statute	Head of Administration
		Actively encourage recipients to accept the register in electronic format to reduce costs	Head of Administration
		Liaise with external contractors and manage/mitigate risks	Head of Administration
3.2	Maintain ER for statutory updates each month.	Update ER monthly updates per legislative requirements	Head of Administration
		Issue Notices in line with statutory requirement	Head of Administration
		Improve contact with hard to reach groups through partnership working initiatives.	Head of Administration
		Identify and improve appropriate advertising/publicity channels re registration.	Head of Administration
		Refresh AVPIs as required in January 2019.	Head of Administration
3.3	Dispose of any registration appeals	Correspond with appellants in line with statutory requirements.	Head of Administration
		Ensure hearings are set up and conducted timeously.	Assessor/Head of Administration
3.4	Prepare for refresh of AV personal identifiers in January 2019	Identify quantities and additional required expenditure.	Head of Administration
		Establish required processes, timetable for collection and processing.	Head of Administration
		Provide reports as required to Executive and Board.	Head of Administration

3.5	Prepare for and ensure effective management of registration duties for any election or referendum called during 2018/19.	Ensure all applications for registration are processed accurately and timeously.	Head of Administration
		Ensure all AVPI applications for registration are processed accurately and timeously.	Head of Administration
		Prepare and maintain all necessary timetables including the identification of all key risks associated with election preparation requirements	Head of Administration
		Undertake engagement activities and ensure staff are trained and available to answer all telephone and email enquiries.	Head of Administration
		Ensure staffing resource in place at all peak periods and as required during polling hours.	Head of Administration
3.6	Audit processes, procedures and accuracy to ensure quality registration delivery.	Develop and monitor audit reports for ER updates.	Audit Manager
		Audit personal identifiers with canvass signatures.	Audit Manager
		Audit name changes to ensure accuracy.	Audit Manager
		Consider all audit reports for appropriate actions.	Executive
3.7	Further develop IT systems, applications and communications.	Improve address data management to maximise data matching.	Head of Administration
		Deliver electorate statistics to NRoS. (RPF 29)	Head of Administration
3.8	Maintain performance	Improve efficiency in the delivery of the canvass processes and procedures.	Head of Administration
		Review performance reports and consider new targets.	Head of Administration
		Deliver performance standards self-assessment and data returns to Electoral Commission.	Head of Administration

### Strategic Aims & Operational Objectives 4

To systematically develop, prepare and publish reports to improve customer knowledge & ensure attainment of improved **Community Focus**

Performance Measures		Strategic Aims / Operational Objectives	
4.1	Prepare and publish statutory reports	Annual assessor's report to LVJB and staff re service planning, performance & target setting.	Assessor
		Annual treasurer's un-audited accounts.	Treasurer
		Annual Audit reports to LVJB.	Treasurer
		Report on equalities April 2018 and two yearly thereafter.	Head of Governance
		Annual proposed Revenue Report to LVJB.	Treasurer
4.2	Prepare and present reports to LVJB	Quarterly progress report to LVJB.	Assessor
		Reports as required.	Executive
4.3	Develop and improve customer targeted policies	Oversee development of performance statistical analysis and monitoring.	Executive
		Monitor adherence to equality principles.	Head of Governance
		Quarterly progress report to LVJB.	Assessor
		Liaise with the Electoral Commission to ensure a robust public engagement strategy is in place for general registration and focused electoral events.	Assessor
4.4	Maintain appropriate public participation schemes	Liaise with universities, further education establishments and schools to maximise student registration	Head of Administration
		Liaise with care homes to maximise registration for residents	Head of Administration
		Identify improvements to LVJB internet site and review contents.	Senior Management Team
		Maintain and update the internet site to ensure currency and accuracy especially at key events.	Executive/Senior Management Team
		Identify improvements to LVJB intranet site and review contents.	Senior Management Team
4.5	Maintain, update and improve websites	Maintain and update the intranet site to ensure current and accurate	Senior Management Team
		Maintain and update the internet site to ensure current and accurate	Senior Management Team
		Integrate Sharepoint to improve records management	Senior Management Team

### Strategic Aims & Operational Objectives 5

To set standards and undertake corporate improvement in **Service Delivery Arrangements** and review the performance management and planning framework to ensure continuous improvement

Performance Measures		Strategic Aims / Operational Objectives	
5.1	Maintain VR key and internal performance indicators	Agree and set KPIs for VR.	Assessor/ Assistant Assessor
		Agree and set a suite of internal indicators for VR performance.	Assessor/ Assistant Assessor
		Monitor, analyse and report on VR performance quarterly.	Assessor/ Assistant Assessor
5.2	Maintain CT key and internal performance indicators	Agree and set KPIs for CT.	Assessor/ Assistant Assessor
		Agree and set a suite of internal indicators for CT performance.	Assessor/ Assistant Assessor
		Monitor, analyse and report on CT performance quarterly.	Assessor/ Assistant Assessor
5.3	Meet new ER key and internal performance indicators	Agree and set Internal Pls for ER.	Executive/Head of Admin
		Produce and submit targets for ER performance to Electoral Commission.	Executive/Head of Admin
		Produce and submit statistical monitoring & indicators for ER performance to Electoral commission.	Executive/Head of Admin
		Monitor, analyse and report on ER performance monthly.	Executive/Head of Admin
5.4	Prepare, monitor and review service plan	Monitor Corporate and Service Plans.	Assessor/Senior Management Team
		Ensure adherence to Service Plan and Performance Indicators.	Assessor/Senior Management Team
		Review Performance & Development Review procedure to meet organisational requirements.	Assessor/Senior Management Team

### Strategic Aims & Operational Objectives 6

To review roles, responsibilities, **Structures and Processes** to ensure effective balance of responsibility and authority.

Performance Measures		Strategic Aims / Operational Objectives	
6.1	Review Standing Orders, Scheme of Delegation and Financial Regulations 5 yearly	Review contents of Standing Orders 5 yearly; Reviewed Feb 2016.	Assessor/LVJB
		Review contents of Scheme of Delegation 5 yearly; Reviewed Feb 2016.	Assessor/LVJB
		Review contents of Financial Regs 5 yearly; Reviewed Feb 2016.	Assessor/Treasurer/LVJB
6.2	Adhere to Standing Orders, Scheme of Delegation and Financial Regulations	Report to LVJB re review of contents of Standing Orders 5 yearly.	Assessor
		Report to LVJB re review of contents of Scheme of Delegation 5 yearly.	Assessor
		Report to LVJB re review of contents of Financial Regs 5 yearly.	Assessor/Treasurer
6.3	Undertake ongoing change under the Transformation Programme.	Review process and procedures seeking efficiencies and improvements.	Executive
		Establish a strategic training policy and continue with cultural change identified under the Transformation programme.	Executive
		Review organisational effectiveness.	Executive

### Strategic Aims & Operational Objectives 7

To review, monitor and maintain organisational **Risk Management and Internal Controls** to ensure efficient and effective delivery of service.

Performance Measures		Strategic Aims / Operational Objectives	
7.1	Identify risks	Consider new risks for addition to risk registers at all management meetings.	Executive/Head of Governance
		Consider new risks to be added to the strategic business risk register on a 6 monthly basis at senior management meetings.	Executive/Head of Governance
		Consider risks within each service delivery planning timetable on an ongoing basis.	Executive/Head of Governance
		Consider risks as legislative changes are considered.	Executive/Head of Governance
7.2	Mitigate risks	Ensure mitigation strategy is considered timeously.	Executive/Head of Governance
		Implement mitigation decisions effectively.	Executive/Head of Governance
7.3	Monitor & review risks	Monitor budget spend and variances quarterly at senior management meetings.	Assessor
		Monitor budget spend and variances and include in quarterly progress report.	Assessor
		Monitor actions resulting from audit reports at all management meetings.	Executive
		Liaise with the treasurer to the Board to ensure appropriate monitoring and accounting.	Assessor
		Review strategic risk register at senior management meetings	Executive/Head of Governance
7.4	Maintain task specific and strategic risk registers.	Maintain work timetables with corresponding risk management monitoring regularly at all relevant meetings.	Senior Management Team
		Consider new risks to be added to timetables/risk registers on an ongoing basis	Executive/Head of Governance
		Mitigate all risks on timetables/risk registers on an ongoing basis	Executive/Head of Governance

7.5	Report risks to LVJB and review risk strategy framework as required	Report to Board on identified key risks on quarterly basis as part of progress report.	Assessor
		Report to Board on budget variances, past and proposed, on quarterly basis as part of progress report.	Assessor/Treasurer
		Submit external & internal auditors' reports and actions carried out resulting from recommendations to the Board.	Assessor

### Strategic Aims & Operational Objectives 8

To develop, adopt and review formal documentation and put in place appropriate systems to ensure **Standards of Conduct** are adhered to.

Performance Measures		Strategic Aims / Operational Objectives	
8.1	Maintain internal processes to monitor compliance to legislation and LVJB policies and procedures.	Review processes to monitor compliance with LVJB standards.	Executive/Head of Governance
		Ensure compliance with LVJB employment legal requirements on a day to day basis.	Managers
		Ensure compliance with LVJB policies on a day to day basis.	Managers
8.2	Monitor and review compliance to Records Management, FOI, Data Protection and, Equalities.	Ensure compliance with legal requirements e.g. Records management, FOI, Data Protection, Equal Opportunities etc. on a day to day basis and assess at monthly management meetings.	Head of Governance
		Ensure Complaints policy and procedure meet required standards	Head of Governance
		Ensure Records management policy and procedures meet required standards	Head of Governance
8.3	Report on Whistle Blowing	Ensure the policy and procedures are reviewed as appropriate to ensure staff concerns are addressed.	Assessor/Head of Governance
		Report on items raised as appropriate.	Assessor/Head of Governance
8.4	Provide management, guidance and support timeously	Ensure that policies are reviewed regularly, advised to the Board and staff briefed	Assessor
		Monitor adherence to Policy review timetable and encourage Unison input and agreement	Executive
		Ensure that appropriate guidance is developed and training given for new tasks introduced	Executive
		Ensure that policies are available, preferably on the LVJB intranet	Executive
		Ensure an appropriate support structure is in place for all employees	Assessor



### Strategic Aims & Operational Objectives 9

To plan and deliver an **organisational development strategy** considering corporate initiatives to ensure efficiency and quality of service delivery

Performance Measures		Strategic Aims / Operational Objectives	
9.1	Maintain annual service plan	Prepare annual service plan and present to LVJB.	Assessor
		Ensure staff awareness of service plans and their role.	Executive
		Monitor compliance with the service plan on a day to day basis and assess at senior management meeting.	Executive
9.2	Deliver corporate improvement.	Develop & review a suite of internal performance indicators and update KPIs to ensure improvement.	Executive
		Monitor performance improvement and report at management meetings & LVJB.	Executive
		Monitor and report absence levels to measure improvement.	Head of Governance
		Discuss & develop corporate improvement strategies at executive meetings.	Executive
9.3	Comply with corporate goal, LVJB Mission, vision, aims & objectives	Review corporate goals at senior management meeting.	Executive
		Ensure that corporate goal is communicated to all staff and included in PRD process.	Executive
		Communicate and monitor adherence to Mission, vision, aims & objectives.	Executive

### Strategic Aims & Operational Objectives 10

To engage in **key partnership working** to ensure the delivery of efficient government.

Performance Measures		Strategic Aims / Operational Objectives	
10.1	Encourage partnership working with constituent authorities	Continue partnership working with Finance departments of the 4 authorities.	Executive
		Continue partnership working with the Returning Officer staff of the 4 authorities.	Executive
		Continue partnership working with the Treasurer to LVJB.	Executive
		Improve partnership working with Planning and Building departments of the 4 authorities.	Assistant Assessors
10.2	Encourage partnership working with public and civil servants e.g. VOA, SAA, Scottish Executive, Electoral Commission etc.	Continue partnership working with the SAA.	Executive
		Continue partnership working with the VOA.	Executive
		Continue partnership working with the National Register of Scotland.	Executive
10.3	Maintain partnership working with external professional bodies e.g. RICS, IRRV, AEA, etc.	Continue partnership working with the RICS, IRRV & AEA professional bodies.	Executive



## Period 9 Financial Statement 2017/18

5<sup>th</sup> February 2018

### 1 Purpose of report

This report summarises the projected revenue budget outturn position to 31<sup>st</sup> March 2018, based on the position at period ending 31<sup>st</sup> December 2017. The report has been prepared in consultation with the Assessor.

### 2 Main Report

#### Projected Revenue Outturn 2017/18 – Core Budget

- 2.1 The table below compares projected revenue outturn 2017/18 with the budget. The forecast variance, based on the position at 31<sup>st</sup> December, is an over spend of £0.335m. This represents an increase of £0.419m to that reported in November.

	Budget £'000	P9 Forecast £'000	Variance £'000	P7 Forecast £'000	Movement £'000
<b>Expenditure</b>					
Employee costs	4,570	4,772	202	4,386	386
Premises costs	599	513	(86)	515	(2)
Transport costs	96	91	(5)	96	(5)
Supplies & Services	750	783	33	750	33
Third Party Payments	82	273	191	266	7
Support Services	67	67	0	67	0
<b>Gross Expenditure</b>	<b>6,164</b>	<b>6,499</b>	<b>335</b>	<b>6,080</b>	<b>419</b>
<b>Income</b>					
Sales, Fees & Charges	(43)	(43)	0	(43)	0
Interest	(3)	(3)	0	(3)	0
Requisition	(6,118)	(6,118)	0	(6,118)	0
<b>Net Expenditure</b>	<b>0</b>	<b>335</b>	<b>335</b>	<b>(84)</b>	<b>419</b>

- 2.2 The increase in expenditure forecast of £0.419m relates predominantly to the following:

- Employee costs - £0.386m increase – One-off staffing exit costs of £0.467m have now been included in the forecast relating to voluntary early release costs. **These costs will be funded from an ear-marked balance for VR costs contained within the Board's general reserve.** In total, thirteen staff have been approved to leave the organisation as a result of the Transformation and Cultural Change Programme. Six of these staff will leave before the end of this financial year realising £0.081m of 17/18 salary savings. The remaining seven will leave by 31<sup>st</sup> August 2018. **The Board should note that the incurrence of one-off exit costs was anticipated and has been reported regularly. The Board has retained a General Reserve for this purpose; the balance at 31<sup>st</sup> March 2017 was £1.011m.**

- Supplies and Services - £0.033m increase in forecast resulting from additional training and telephony costs.

### **Forecasts to 31<sup>st</sup> March 2018 – Core Budget**

2.3 The projected outturn indicates a forecast over spend of £0.335m.

2.4 The principal reasons for the budget over spend are as follows:

- Employee costs - £0.202m over spend – One-off VR staffing exit costs of £0.467m and unbudgeted overtime of £0.057m have partially been off-set by savings associated with vacant posts/staff leaving prior to the end of the financial year totalling £0.322m. A number of vacant posts have been on hold as a result of the ongoing Transformation and Cultural Change Programme review.
- Premises costs - £0.086m under spend - following the 2017 Revaluation, the rateable value of the Board's premises was reduced downwards in common with many other office properties throughout the Lothians.
- Supplies and Services - £0.033m over spend - Mainly increased telephony and training costs.
- Third Party Payments - £0.191m overspend. In February 2017, the Board approved the refund of £0.184m from the Board's General Reserve.

The Board should note that there's likely to be some movement between the reported forecast included in this report and the 2017/18 final outturn due to prepayment and accrual entries that are not identifiable at this stage.

### **Individual Electoral Registration (IER)**

2.5 The 2017/18 budget assumes that all costs will be met by grant from the Cabinet Office. To date, total IER funding of £0.619m is available to fund IER costs 2017/18. IER costs 2017/18 will not exceed the grant, for reporting purposes the current forecast assumes that there will be a carry-forward of unspent IER funds to 2018/19. This is currently estimated at £0.327m.

2.6 As reported to the Board previously, the introduction of the IER process has resulted in additional costs to the Board of approximately £0.3m-£0.4m annually. These costs have so far been fully funded by Cabinet Office grant. The IER process remains under review and a funding commitment until 2019/20 was agreed by the previous UK Parliament. If funding is not provided beyond 2019/20 then the Board will have to consider funding/savings options to meet any potential budget pressure from 2020/21 onwards.

### **General Reserve**

2.7 The Board's general reserve balance currently stands at £1.011m. A reserves policy is presented for approval in the 2018/19 Budget Report presented next on this agenda. Based on the forecast over spend included within this report the general reserve balance would drop to £0.676m at 31<sup>st</sup> March 2018m.

## **3 Conclusions**

3.1 At this stage, there is a projected over spend of £0.335m relating to Financial Year 2017/18, caused by staffing voluntary early release costs.

## **4 Recommendations**

4.1 The Board is recommended to:

4.1.1 note the projected outturn position for 2017/18;

**Hugh Dunn,  
Treasurer.**

## Annual Investment Strategy

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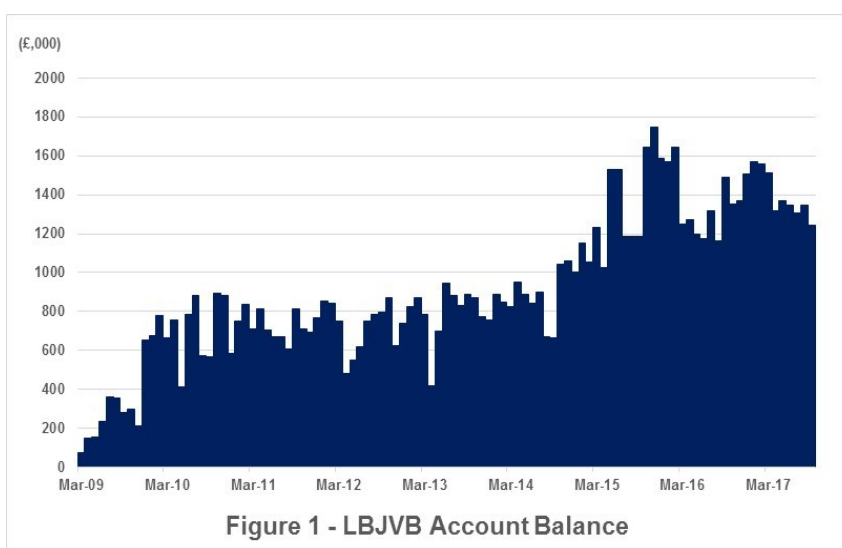
5<sup>th</sup> February 2018

### 1. Introduction

- 1.1 The purpose of this report is to propose an Investment Strategy for 2018/19.

### 2. Annual Investment Strategy

- 2.1 The Board currently maintains its funds 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 former Local Authority (Scotland) Accounts Advisory Committee's (LASAAC) Guidance Note 2 on Interest on Revenue Balances (IoRB). The interest rate given on the balances is 7-Day LIBID, which is the Council's own benchmark investment rate.
- 2.2 An Investment Strategy and Treasury Management Policy Statement are brought to the Board for consideration each year. The current arrangement dates back to June 2010 when the Board adopted CIPFA's Code of Practice for Treasury Management in the Public Services. At the time, the average monthly balance which the Board had in the previous year was around £400k and that was not anticipated to rise significantly. Figure 1 shows the monthly balance on the Board's account in the period from March 2009.



Over the last couple of years, the average monthly balances have been higher than previously, principally reflecting the Board's decision of 4 February 2011 to retain underspend to meet future cost commitments arising from application of the Board's Voluntary Early Release Arrangements.

The Board has no separate bank account, with payments being made out of the City of Edinburgh Council's bank account and re-charged to the Board. When the arrangements were considered in 2010, the administrative cost of creating an alternative significantly outweighed any potential benefit.

It was therefore considered that the current arrangement best served the Board as:

- the Board had relatively small investment balances;
- the existing administration accounting and supplier payment arrangements with the City of Edinburgh Council were cost effective; and
- following the bail out of a number of banks, the Board gained security from its counterparty exposure being to the City of Edinburgh Council.

As noted on other reports on this agenda, the Board's Transformation and Cultural Change Programme is being progressed during 2017/18. Draw-down of £0.335m from the retained underspend has been incurred to date, with potential further draw-down to be incurred in 2018/19.

The report Revenue Budget 2018/19 elsewhere on this agenda recommends a minimum reserve of 3% (£0.175m), with balances retained in excess of 3% to be reviewed annually.

Given the current and future anticipated draw-down against the Board's Reserve and minimum level of Reserve of 3%, the average monthly balance is anticipated to revert to around £0.4m – the base level originally anticipated in adopting the current Investment Strategy.

Taken cognisance of the level of reserves set out above and that the investment return is likely to be modest given the current interest rate environment, it is considered appropriate for the current arrangement be continued.



### **3. Recommendations**

- 3.1 It is recommended that the Board approves the Annual Investment Strategy in Appendix 1.

**Hugh Dunn**  
Treasurer

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<b>Appendix</b>	Appendix 1 – Annual Investment Strategy
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<b>Contact/tel</b>	Innes Edwards, Tel: 0131 469 6291 ( <a href="mailto:innes.edwards@edinburgh.gov.uk">innes.edwards@edinburgh.gov.uk</a> )
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# APPENDIX 1

## Annual Investment Strategy

### (a) Treasury Management Policy Statement

1. The Board defines its Treasury Management activities as:

*The management of the Board's investments, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.*

2. The Board regards the successful identification monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. The Board acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive measurement techniques, within the context of effective risk management.

Treasury Management is carried out on behalf of the Board by the City of Edinburgh Council. The Board therefore adopts the Treasury Management Practices of the City of Edinburgh Council. The Board's approach to investment is a low risk one, and its investment arrangements reflect this.

### (b) Permitted Investments

The Board will maintain its banking arrangement with the City of Edinburgh Council's group of bank accounts. The Board has no Investment Properties and makes no loans to third parties. As such the Board's only investment / counterparty exposure is to the City of Edinburgh Council.

### (c) Prudential Indicators

The Board has no Capital Programme and therefore also has no long term borrowing. The indicators relating to debt are therefore not relevant for the Board. By virtue of the investment arrangements permitted in (b) above, all of the Board's investments are variable rate, and subject to movement in interest rates during the period of the investment.

# TRANSFORMATION AND CULTURAL CHANGE PROGRAMME



Update Report January 2018

## 1.0 INTRODUCTION

At its meeting of 6th February 2017 the Board was advised of the intention to undertake an organisational review exercise. This review was named the Transformation and Cultural Change Programme (TCCP).

During 2017 an in depth investigation into existing process and procedures that support service delivery, an assessment of service priorities, a review of budgetary provision, an invitation to staff to consider voluntary early release, and a subsequent redesign of the organisational structure have been carried out.

These activities have been fully supported by staff participation and Unison trade union consultation.

Previously highlighted by Audit Scotland was the need to establish a financially sustainable position that acknowledged the fiscal constraint currently encompassing local government while at the same time maintaining service delivery.

The fiscal environment is dynamic with fresh challenges emerging annually. To achieve in a single act a solution that provides significant lasting change and financial sustainability moving forward is a considerable challenge. However the TCCP has provided the mechanism that has allowed the organisation to review its business model in such a way as to maintain and meet the challenges of future service delivery while addressing current fiscal requirements.

This report provides the Board with an update of the progress made so far in the TCCP, in conjunction with recommendations for organisational change that support the detailed aims of the Programme.

## 2.0 TCCP – AIMS AND OBJECTIVES

Under the general umbrella of modernisation the aims and objectives of the Programme have been categorised under 3 separate yet connected principle headings. These are Process Improvement, Cultural Change and Customer Focus.

2.1.../

## 2.1 Process Improvement

This element sought to review the following;

- Identify primary activities and prioritise accordingly,
- Challenge existing processes,
- Examine and identify areas for change,
- Seek out inefficiencies and waste,
- Make improvements and efficiencies,
- Identify areas where ICT can provide benefit,
- Challenge existing resource allocation to processes or parts of processes,
- Establish the required resource requirements to support revised processes.

Under the auspices of an internal Project Management Team the above objectives were explored in terms of the following key activities, survey, valuation, appeals, revaluation, customer support, registration and canvass.

Significant progress has been made with a number of key changes identified. These have either been enacted or form individual project plans. Many of the processes considered are provided by or supported by ICT systems and the decision to make change shall involve redesign and redevelopment of existing ICT systems in whole or part.

Specific improvements that have already been implemented from the process investigation phase have included the following;

- Automatic import of electronic household canvass data directly into our back office Electoral Management System, saving resource and time on what was previously a manual input task,
- Extending the functionality of our Call Centre operation, which had primarily been an Electoral Registration service, across all aspects of the organisation to provide a professional, standardised first point of contact for members of the public and stakeholders,
- Redefining overly onerous validation and verification procedures to introduce greater emphasis on elimination and prevention of errors,
- The introduction of an electronic notification system between our Call Centre and IER section to ensure customer enquiries are traced, communicated, and handled timeously by our processing team,
- Enabled our IER household canvass to run as an autonomous service that handles both HEF and ITR returns reducing the requirement for daily team management.

Further key process investigations streams have been identified in the following areas, electronic mobile devices to support the property survey process, workload distribution, work item prioritisation, increased use of third party print and post service, and closer

integration of data within core valuation systems to improve information access and analysis.

## 2.2 Cultural Change

As the Programme represents a holistic approach to reviewing the organisation it is necessary to investigate cultural elements. By doing this, other aspects of change such as process improvement, are more securely supported.

This aspect sought to provide investigations into;

- Effective leadership,
- Creating a positive atmosphere within which an empowered workforce can operate,
- Increasing levels of accountability and transparency,
- Strengthening of staff skills and developing a skilled and talented workforce,
- Creating an increasingly agile and flexible resource focused on a shared vision,
- Maintaining an effective and inclusive performance framework,
- Develop a cultural attitude that seeks beneficial improvement on an ongoing basis,
- Introduce a philosophy of workload planning and associated project management across all activities,
- Maximise effective risk identification and mitigation.

While this area of the programme represents an ongoing process of reflection and change progress has been made to date in the following areas;

- Provision of management training,
- Increased communication to staff groups providing visible leadership,
- Staff workshops aimed at exploring various aspects of roles, responsibilities, and skill sets,
- Further investigation into aspects of workload planning,
- Increasing empowerment to key management posts within the organisation,
- Increased use of Business Analysis techniques.

Through the Programme further progress shall be made in the following areas, structured training programmes, performance review, development of corporate and service planning strategies and creating greater emphasis on corporate governance by focussing on monitoring, control, direction and risk assessment.

## 2.3 Customer Focus

The third element is one of Customer Focus.

The aims under this heading are to;

- Identify and define all relevant customer and stakeholder groups,

2.3.../

- Ensure that services as defined by statutory requirement are delivered in an efficient and effective fashion,
- Provide relevant information at the appropriate time,
- Engage and promote the services and profile of the organisation,
- Engage in partnership working that enhances the stakeholder experience,
- Provide a one stop shop experience where possible.

Improvement has already been achieved in this area such as;

- Partnership working with constituent councils has enabled the introduction of formal data sharing agreements and data exchange mechanisms,
- Increasing awareness of the legislative requirements of GDPR,
- Increased customer service through the expansion of call centre facilities to reflect all statutory functions,
- Through the SAA increased awareness of Assessor functions and the access to additional information through the SAA Portal,
- Presentational improvements reflecting Assessor services on external communications.

Further work streams have been identified such as, a review of the LVJB website, the development of engagement strategies to electoral registration, supporting the creation of a Scottish Valuation Appeals Committee website, provision of additional information on issue of statutory notifications, and the increased use of email with stakeholders where appropriate.

### **3.0 STRUCTURAL RE-ORGANISATION**

To support the key objectives of the TCCP a structural re-organisation has taken place.

This aspect of the Programme creates essential flexibility and scope without which it would be difficult to take full advantage of the efficiencies and improvements that the other elements of the Programme have revealed. It also provides a platform upon which to build in order to meet future challenges and changes.

To create the correct environment within which organisational changes can be considered, the Board's policy of voluntary early release was activated.

As previously reported, this brought forward thirteen applications from staff that were supported by the Assessor, Treasurer, and where required the Board's Chief Executive and Convenor.

The existing and proposed new organisational structure is displayed at Appendix 1.

The proposed re-organised structure achieves the following;

3.0.../

- A re-invigorated and focused corporate team with clear areas of responsibility and defined leadership roles,
- A reduction in management levels thereby providing the opportunity for improvements in communication, strategic planning and implementation, accountability, performance and empowerment,
- Clear identification and management of non-functional responsibilities and activities,
- The creation of posts that are task orientated providing additional key support to functional workloads and future requirements,
- Dynamic team structures that encourage empowerment, open channels of communication, and an agile and flexible staff resource,
- Support of key function delivery with recruitment that provides the means to action and support ongoing and future anticipated workloads,
- The redesign and development of posts that allow focus on key areas such as customer engagement, customer services, audit, project management, and regulatory requirements,
- The further development of existing entry level posts that provide essential support to base line activities and which offer opportunities for career development,
- A level of mitigation of risks associated with IER where costs have been consumed into annual budget allocation.

The re-organised structure has been the subject of discussion and consultation between management, staff groups, and Unison. The proposals have received positive acceptance.

#### **4.0 FINANCIAL SUSTAINABILITY**

Audit Scotland have recommended that the Board reach a position of financial sustainability. It must be borne in mind that the overall and ongoing climate for local government funding presents challenges in terms of long term financial planning. The Board receives annual funding, this being discussed, set and agreed between the constituent authorities on an annual, year on year, basis. Until the wider fiscal picture for local government funding changes the ability for the Board to secure a financially sustainable position in the longer term shall remain an aspiration and an ongoing objective.

Notwithstanding, the Transformation Programme has provided;

- Recognition of the current fiscal environment,
- A budget requirement for 2018/19 that provides a saving of 4.4% in real terms,
- Process changes that provide efficiencies and improvements,
- Structural re-organisation that maintains functional service delivery,
- Recognition of future service requirements,
- A platform for further review.

## **5.0 RISKS**

The Assessors Budget Report provides detailed information on the risks, new and ongoing, that face the Board and its activities.

The Transformation Programme has sought to provide a level of mitigation against some of these risks by acknowledging and providing for future functional demands, by creating a lowered budget requirement that acknowledges current fiscal constraint while ensuring service delivery can be maintained, and initiating a programme of continuous review and reflection.

## **6.0 PROGRAMME IMPLEMENTATION**

It is the intention if approval of the re-structuring proposals is granted by the Board, that detailed implementation shall commence immediately with a formal adoption date of 1<sup>st</sup> April 2018. Over the coming weeks the necessary internal structural changes enacted to reflect the detail of the new structure, and the required internal and external recruitment undertaken.

## **7.0 RECOMMENDATION**

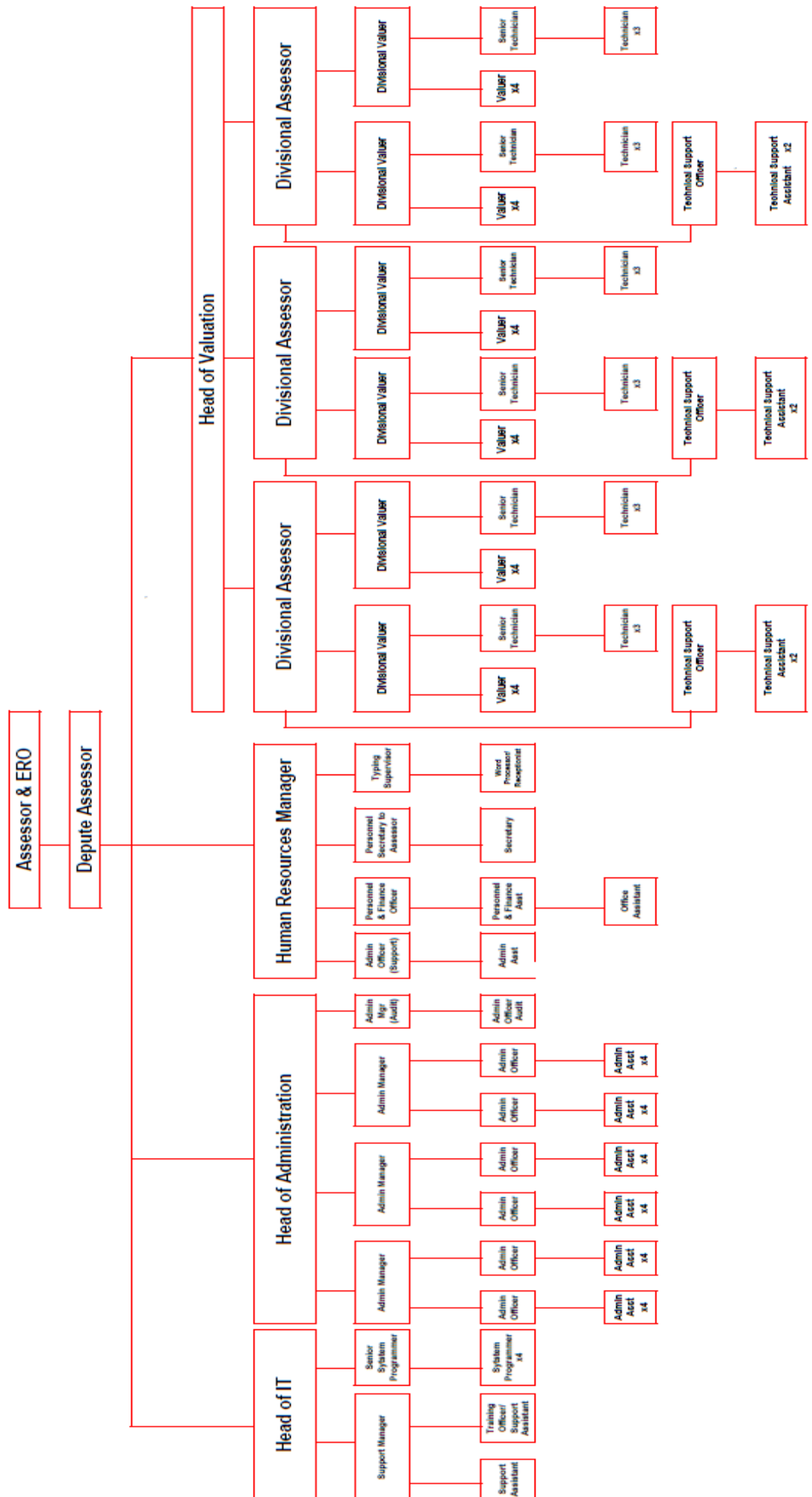
The Board is asked to give its approval and support to the re-structuring recommendations outlined in this report, the progress made so far in the Transformation Programme and the implementation proposal indicated.

**Graeme Strachan**  
**Interim Assessor and ERO**

*Appendix 1: Current Structure 2004 & Proposed Structure 2018*

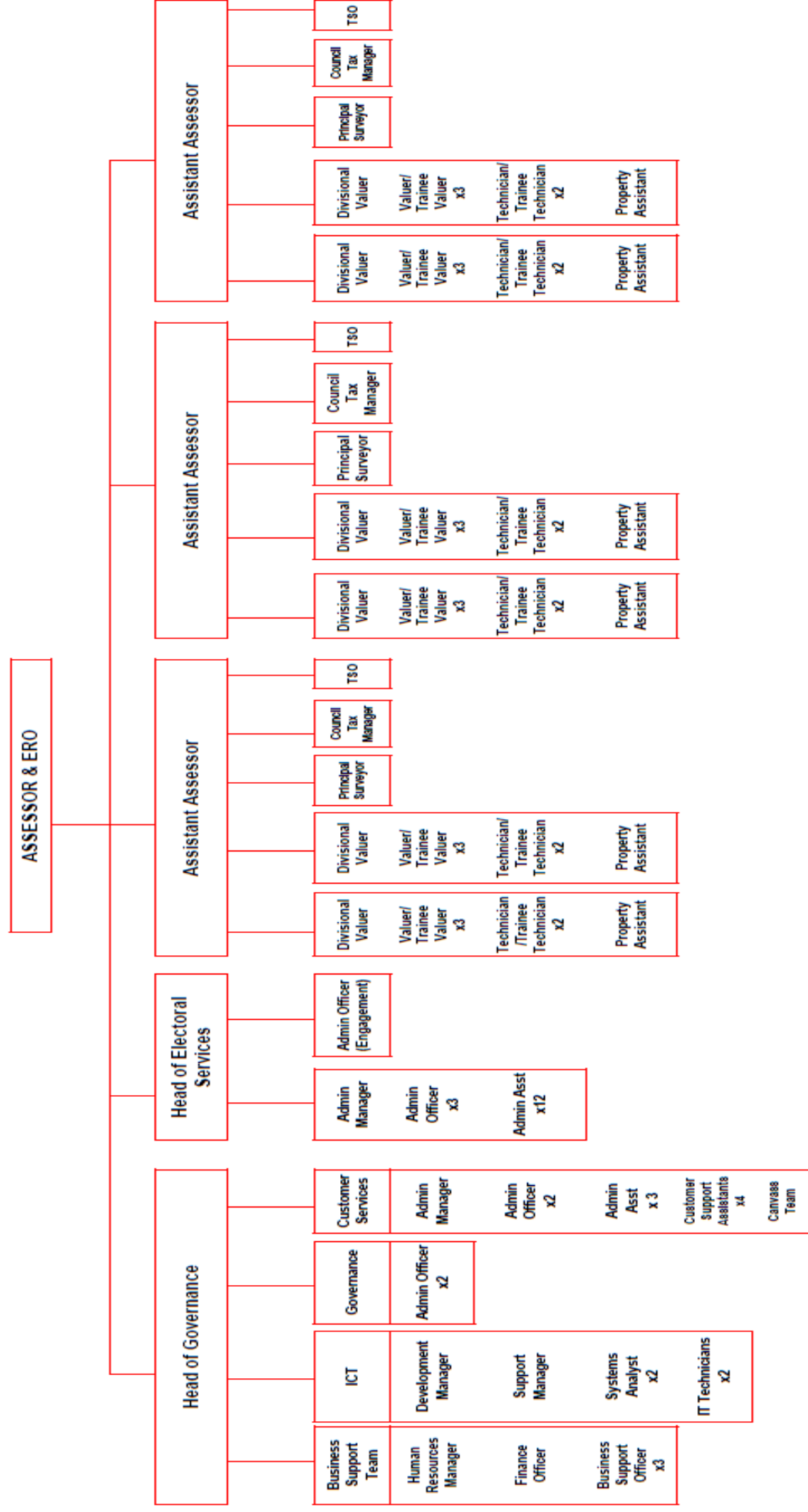


# LOTHIAN VALUATION JOINT BOARD CURRENT STRUCTURE 2004



# LOTHIAN VALUATION JOINT BOARD PROPOSED STRUCTURE 2018

## APPENDIX 1





## Future Meeting Arrangements June 2018 to June 2019

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5 February 2018

### Purpose of Report

- 1 To advise members of the proposed schedule of meetings for the Lothian Valuation Joint Board for the period to June 2019 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 meetings will be arranged on an "on request" basis.
- 4 Proposed dates for meetings of the Joint Board for the period to June 2019 are shown below. Specific meetings are included to consider the Joint Board's Revenue Budget for 2019/20 as well as the Unaudited Accounts for 2017/18 and 2018/19.

Proposed Date	Time
Monday 18 June 2018 (Unaudited Accounts)	10:00am
Monday 3 September 2018	10:00am
Monday 5 November 2018	10:00am
Monday 4 February 2019 (Revenue Budget)	10:00am
Monday 22 April 2019	10:00am
Monday 17 June 2019 (Unaudited Accounts)	10:00am

## Recommendations

5 The Board is asked:

- 5.1 To approve the schedule of meetings as detailed for the period June 2018 to June 2019.
- 5.2 To agree that meetings of the Joint Consultative Group would be held on an “on request” basis.

**Andrew Kerr**  
Chief Executive and Clerk

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**Appendices**                      None

**Contact/tel**                      Lesley Birrell, Office of the Chief Executive and Clerk  
☎ 0131 529 4240; ✉ [lesley.birrell@edinburgh.gov.uk](mailto:lesley.birrell@edinburgh.gov.uk)

**Background  
Papers**                          None