

## Notice of Meeting and Agenda

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**Monday 5 November 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 3 September 2018**

(circulated) - submitted for approval as a correct record

**4 Period 6 Financial Statement 2018/19** – report by the Treasurer (circulated)

**5 Mid Term Review – Treasury Management Activity** – report by the Treasurer (circulated)

**6 Update on Barclay Review of Non Domestic Rates** – report by the Assessor and Electoral Registration Officer (circulated)

**7 Electoral Registration Annual Canvass** – report by the Assessor and Electoral Registration Officer (circulated)

**8 Performance Update** – report by the Assessor and Electoral Registration Officer (circulated)

**Andrew Kerr**  
Chief Executive and Clerk

## Membership

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

Councillor Gavin Corbett  
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

### **East Lothian Council (2)**

Councillor Jim Goodfellow  
Councillor Jane Henderson

### **Midlothian Council (2)**

Councillor Margot Russell  
Councillor Pauline Winchester

### **West Lothian Council (3)**

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

## 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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# Item 3

## Lothian Valuation Joint Board

Edinburgh, 3 September 2018

### Present:

**City of Edinburgh Council** – Councillors Key (Convener), Corbett, Doggart, Gordon, Gloyer, Ricky Henderson and Work.

**East Lothian Council** – Councillor Jane Henderson.

**Midlothian Council** – Councillor Russell.

### 1 Minute

#### Decision

To approve the minute of the Lothian Valuation Joint Board of 18 June 2018 as a correct record.

### 2 Audited Accounts for the Year Ended 31 March 2018

The Board's audited accounts for the year ended 31 March 2018 were submitted. There were no significant issues identified during the course of the audit which provided for an unqualified opinion on the accounts.

#### Decision

- 1) To note the audited annual accounts for the year ended 31 March 2018
- 2) To authorise the annual accounts for signature.

(Reference – report by the Treasurer, submitted)

### 3 Internal Audit Annual Opinion 2017/18

Internal Audit's annual opinion for the Lothian Valuation Joint Board (LVJB) for the year ended 31 March 2018 was presented. The opinion was based on the outcomes of the audits included in the 2017/18 Internal Audit annual plan, the status of any open Internal Audit findings, and review of the Joint Board's draft annual governance statement.

Members discussed the high risks identified in the Audit Report and the extent to which these had been dealt with or would be followed up.

#### Decision

- 1) To note the internal audit opinion.

Lothian Valuation Joint Board  
3 September 2018

- 2) To request the Assessor to provide an update to the next meeting of the Board in November 2018 on progress being made towards addressing the risks identified as “high” in the Audit Report.

(Reference – report by the Assessor, submitted.)

#### **4 2017/2018 Annual Audit Report to Members of the Joint Board and Controller of Audit**

The External Auditor’s report on the audit of the Joint Board’s 2017-18 financial statements was presented. The report set out relevant matters arising from the audit which required to be reported under International Standard on Auditing (UK and Ireland) 260 (ISA 260).

An update was provided on the recommendations from the previous year’s audit. All had been followed up on except for environmental sustainability which was ongoing.

##### **Decision**

To note the annual audit report.

(Reference – report by Scott-Moncrieff, External Auditor, submitted)

#### **5 Period 4 Financial Statement 2018/19**

Information was submitted of the projected revenue budget outturn position to 31st March 2019, based on the position at the period ending 31 July 2018.

The forecast variance was an underspend of £0.115m. With the exception of employee costs, all other budget headings had been forecast on budget as it was relatively early in the year to predict otherwise and there were no known material budget variances at this stage.

##### **Decision**

To note the projected outturn position for 2018-19 and that a further 2018-19 budget update would be presented to the November meeting.

(Reference – report by the Treasurer, submitted).

## **6. Assessor's Progress Report to the Joint Board**

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

An update on electoral registration and engagement strategies to encourage registration was provided, including electronic engagement.

The Assessor requested the Board's permission to access the reserve fund to support costs arising from the career progression scheme for trainee staff as indicated in paragraph 7 of the report.

Members discussed the use of data, pilot projects in Scotland, increased funding pressures and non-domestic rating with regards to letting.

### **Decision**

- 1) To note the updates in the report.
- 2) To agree, in principle, access to the reserve fund to support costs arising, in part or whole, as and when required, in respect of sourcing external IT development capacity and in support of costs arising from the career progression scheme for trainee staff as indicated in paragraph 7 of the report.
- 3) To request the Assessor to provide an update to the next meeting of the Board in November 2018 on the funding provided to EROs by the Cabinet Office to offset the additional cost burden created by the introduction of Individual Electoral Registration.

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

# Item 4

## Period 6 Financial Statement 2018/19

5<sup>th</sup> November 2018

### 1 Purpose of report

This report summarises the projected revenue budget outturn position to 31<sup>st</sup> March 2019, based on the position at period ending 30<sup>th</sup> September. The report has been prepared in consultation with the Assessor.

### 2 Main Report

#### Projected Revenue Outturn 2018/19 – Core Budget

2.1 The table below compares projected revenue outturn 2018/19 with the budget. The forecast variance, based on the position at 30<sup>th</sup> September, is an under spend of £0.103m. The under spend has reduced by £0.012m to that reported in September.

	Core Budget			IER Budget			Total		
	Budget £'000	Forecast £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000
<b><u>Expenditure</u></b>									
Employee costs	4,378	4,272	(106)	59	44	(15)	4,437	4,316	(121)
Premises costs	520	516	(4)	0	0	0	520	516	(4)
Transport costs	96	89	(7)	0	0	0	96	89	(7)
Supplies & Services	750	767	17	216	216	0	966	983	17
Third Party Payments	82	79	(3)	0	331	331	82	410	328
Support Services	67	67	0	0	0	0	67	67	0
<b>Gross Expenditure</b>	<b>5,893</b>	<b>5,790</b>	<b>(103)</b>	<b>275</b>	<b>591</b>	<b>316</b>	<b>6,168</b>	<b>6,381</b>	<b>213</b>
<b><u>Income</u></b>									
Sales, Fees & Charges	(43)	(43)	0	0	0	0	(43)	(43)	0
IER Grant	0	0	0	(275)	(591)	(316)	(275)	(591)	(316)
Interest	(3)	(3)	0	0	0	0	(3)	(3)	0
<b>Total income</b>	<b>(46)</b>	<b>(46)</b>	<b>0</b>	<b>(275)</b>	<b>(591)</b>	<b>(316)</b>	<b>(321)</b>	<b>(637)</b>	<b>(316)</b>
<b>Net Expenditure</b>	<b>5,847</b>	<b>5,744</b>	<b>(103)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,847</b>	<b>5,744</b>	<b>(103)</b>

### 2. Forecasts to 31<sup>st</sup> March 2019 – Core Budget

2.1 At this stage, the projected outturn indicates a forecast under spend of £0.103m.

2.2 The principal reason for the budget under spend reported is as follows:

- Employee costs - £0.106m under spend – following transformational change and staffing appointments a saving is predicted in relation to vacant posts forecast to be filled part-year only.
- Supplies and Services - £0.017m over spend – mainly in relation to operational equipment maintenance agreements.

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

- 3.1 The 2018/19 budget assumes that all costs will be met by grant from the Cabinet Office. Grant of £0.241m has been received for 2018/19 from the Cabinet Office and unspent grant of £0.350m was carried over from 2017/18. Total grant of £0.591m is therefore currently available to fund IER costs 2018/19. It is not anticipated that costs will exceed grant and for reporting purposes the current forecast assumes a carry-forward to 2019/20 of £0.331m.
- 3.2 The IER process remains under review and a funding commitment until 2019/20 was agreed previously. The funding of these costs beyond this period and options to reduce it through procedural change remain subject to further discussion. The Assessor will provide updates to the Board when they become available.

### **4. General Reserve / Risk**

- 4.1 The Board's general reserve balance currently stands at £0.798m. This does not include the forecast underspend for 2018/19 of £0.103m reported above. A final estimated 2018/19 outturn report will be reported in February 2019.
- 4.2 The Board requires to maintain a minimum general reserve level of 3% based on the annual requisition to mitigate against risk. A minimum reserve balance of £0.175m must therefore be retained at 31<sup>st</sup> March 2019 with the Board assessing balances held in excess of this as part of this report.
- 4.3 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.
- 4.4 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.
- 4.5 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.
- 4.6 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 key financial and operational risks facing the Board summarised below include:

#### 4.7 **Individual Electoral Registration – budget risk £0.270m**

The Board has been advised previously of the additional costs incurred associated with Individual Electoral Registration. The 2017/18 cost was £0.269m. The Cabinet Office has provided grant to support this additional cost, however grant funding shall cease from 2020/21 onwards. The Cabinet Office and Electoral Commission acknowledge that significant changes are required to both modernise further the registration process and introduce savings into primarily the annual canvass process. Pilot exercises have informed proposed changes which shall, subject to final consultation, be implemented for the 2020 annual canvass. Modelling of these proposals is ongoing with an expectation that costs shall reduce, however at this stage a definitive statement on the likely financial impact is not available, therefore a risk remains that additional costs shall be incurred following the formal introduction of the new annual canvass procedure and the removal of grant funding.

#### 4.8 **Barclay Review of NDR – budget risk £0.3m - £0.4m**

The enacting primary legislation required to support the recommendations arising from the review is scheduled to be adopted by 1st April 2020. At this stage elements of the detailed implementation and the consequences arising require additional clarity. It was acknowledged by the Barclay Review and Scottish Government that Assessor organisations shall face additional workloads and funding issues because of the recommendations. In particular the move from five yearly revaluations to a three-yearly cycle and the disposal of resulting appeals. At this stage discussions are ongoing with COSLA and the Scottish Government regarding the matter of additional funding, however current estimates for LVJB are £0.3m - £0.4m per annum. Failure to receive adequate funding shall impact on the ability to deliver the required changes. The Scottish Government has confirmed it will announce its' draft budget on 12th December. Consequently, the draft Local Government Finance Settlement will not be known until this date, or if the Barclay Review cost pressure has been ring-fenced within Constituent Council allocations for redistribution to the LVJB.

#### 4.9 **Barclay Review – advance development of ICT systems – reserve commitment £0.150m**

On the 3<sup>rd</sup> September the Board approved the use of the reserve to fund the development of the existing IT system that supports the valuation process. This will involve the employment of additional resource over a fixed period of time to support the move to three yearly revaluations. At this stage, the cost is estimated to be £0.150m over three years.

#### 4.10 **Annual cost of Pay Awards and Increments – budget risk £0.150m**

The Board is required to fund annual pay awards and annual increments. The current estimate for 2019/20 is £0.150m. The ongoing financial constraints within local government require budgetary growth to be consumed. In previous years the Board had contained growth in the main using vacancy control. Following the organisational review in 2017/18, which involved the application of the Board's VERA policy and a restructuring of the staffing structure, a net 4.4% budget saving was achieved for the 2018/19 budget. As a result, in the short term, the ability to absorb annual pay awards and increments is considerably reduced. While every opportunity shall be taken throughout 2019/20 to contain such costs within budget there is a risk that this may not be possible.



**4.11 Pension deficit and annual employer pension rate contributions – budget risk unquantifiable at this stage**

The Board has agreed a three-year contribution stability mechanism with the Lothian Pension fund. Under the contribution stability mechanism, the Boards contribution rate for the three years to March 2021 will increase by no more than 0.5% per annum. A separate annual pension deficit payment of £3,100 was also agreed for the same period. The next actuarial valuation will be carried out as at 31 March 2020, and a full review of the contribution stability mechanism and annual deficit repayments will be carried out prior to this date. The financial risk will therefore apply to the 2021/22 budget.

**4.12 Elections/Referendums – budget risk £0.050m**

The possibility of either elections or referendums being called within short timetables, or dual electoral events occurring within a year is a financial risk in terms of staff overtime or the use of short term temporary staff to meet the demand placed on the electoral registration process at this time. During 2017/18 when a double election event took place, £0.045m was spent on staff overtime.

**4.13 Leaving the European Union – budget risk unquantifiable at this stage**

Dependent on the nature of the UK departure from the European Union it is possible that annual values achieved within the non-domestic property sector may fall. Should that be the case, and the fall is significant, this may give rise to the right of appeal against rateable values appearing in the Valuation Roll. The receipt of large volumes of appeals, in addition to existing workloads in respect of appeals received following the 2017 Revaluation, would have significant impact on available staff resources. This would give rise to additional overtime requirements to deal directly with appeal volumes and/or to ensure other essential Valuation Roll activities were carried out.

**4.14 Council Tax – budget risk unquantifiable at this stage**

The position regarding the future of Council Tax remains unclear. However, it should be noted that over time the resource deployed to undertake key Council Tax activities has been refined to such an extent that any major legislative change to Council Tax that impacted on the Board is unlikely to be consumed within current budgetary provision.

**4.15 Ongoing Organisational Transformation and Change – budget risk unquantifiable at this stage**

During 2017/18 a Transformation Programme was initiated within the Board. This resulted in the introduction of a revised staffing structure effective from 1st April 2018. This was achieved by the application of the Boards VERA policy and financially **supported by the Board's reserve fund to the extent of £0.471m**. This programme of change is ongoing with further investigations into key processes and service delivery methodology in progress. These changes may give rise to further opportunities to review staffing levels in the years ahead. Any changes that may arise shall require to be financially supported by the Boards reserve fund.

**4.16 Career Progression – reserve commitment £0.047m**

On the 3<sup>rd</sup> September the Board approved the use of the reserve to fund the cost of career progression increments in respect of recently appointed trainee staff. This cost is estimated at £0.047m over three years.

**4.17 All risks will be reassessed as part of the 2019/20 budget which will be presented to the Board for approval in February 2019.**

## **5 Conclusions**

- 5.1 At this stage, there is a projected net under spend of £0.103m relating to Financial Year 2018/19.
- 5.2 On the 3<sup>rd</sup> September, the Board approved the use of the reserve to fund Barclay ICT development costs and career progression costs. In total these are estimated at £0.197m over three years.
- 5.3. The Board previously approved the use of the reserve to fund staff VR/Strain costs.
- 5.4 Service risk with financial implications to the general reserve have been outlined to the Board in paragraph 4.

## **6 Recommendations**

The Board is recommended to:

- 6.1 Note the projected outturn position for 2018/19;
- 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 provide more certainty on the risks highlighted in paragraph 4.
- 6.3 Note that a further 2018/19 budget update will be presented in February 2019.
- 6.4 Note that the 2019/20 budget will also be presented in February where a further update on risk will be presented to the Board.

**Hugh Dunn,  
Treasurer.**

## Mid Term Review – Treasury Management Activity

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**5 November 2018**

### **1. Introduction**

- 1.1 The purpose of this report is to review the investment activity undertaken on behalf of the Board during the first half of the 2018/19 Financial Year.

### **2. Background**

- 2.1 Following the introduction of new Investment Regulations in Scotland the Board adopted the appropriate Codes of Practice and approved an Annual Investment Strategy at its meeting on the 5th February 2018.

### **3. Mid Term Review - Annual Investment Strategy**

- 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 former Local Authority (Scotland) Accounts Advisory Committee's (LASAAC) Guidance Note 2 on Interest on Revenue Balances (IoRB). The methodology will continue to be used until new guidance on the treatment of interest charges is made available. 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 first half of the year were:

Opening Balance	£1,747,314.50
April	£1,698,183.69
May	£1,500,376.88
June	£1,575,639.44
July	£1,546,010.33
August	£1,517,349.46
September	£1,447,262.37

- 3.2 Although interest is not calculated until March, in line with the withdrawn guidance note, the interest rate averaged 0.521% during the first half of the financial year. This is also the currently projected interest rate, if the Bank of England alters the UK Bank Rate then the figure may change marginally.

#### **4. Recommendations**

- 4.1 It is recommended that the Board notes the investment activity undertaken on its behalf.

**Hugh Dunn**  
Treasurer

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**Appendix**                      None

**Contact/tel**                      Iain Shaw, Tel: 0131 469 3117  
([iain.shaw@edinburgh.gov.uk](mailto:iain.shaw@edinburgh.gov.uk))

# Item 6

## UPDATE ON BARCLAY REVIEW OF NON DOMESTIC RATES

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### 1.0 INTRODUCTION

- 1.1 The Scottish Government has concluded its consultation into proposals arising from the Barclay Review of NDR published in September 2017.
- 1.2 It is expected that the Government's draft report in respect of the consultation process shall be available by the end of the year.
- 1.3 Based on the current timetable, the draft Bill to introduce the Government's proposals that require primary legislation shall be presented to Parliament during March 2019, thereafter it shall pass through the various phases of debate, evidence sessions and amendments, with approval of the final Bill being sought by March 2020. The enactment date shall be 1<sup>st</sup> April 2020.

### 2.0 BARCLAY PROPOSALS

- 2.1 A number of the proposals have a direct impact on the current activities carried out by Assessors, these are outlined below;

- 3 yearly revaluations

The move to 3 yearly revaluations is designed to lessen the impact of significant movements in the rental property market that may be reflected in a revaluation process currently operating to a 5 year cycle. The revaluation process is closely linked to the disposal of appeals that are lodged following release of revaluation figures. Currently it takes 2 years to complete a revaluation exercise followed by a further 3 years to dispose of associated appeals. This process now requires to be condensed into the 3 year cycle. It is accepted that these activities, once sequential, shall become simultaneous.

- Reform of the appeal system

It is widely acknowledged that the current volume of appeals received following a revaluation cannot be sustained within the 3 year cycle. Discussions between Scottish Government, the Scottish Assessors Association and ratepayer organisations representatives are ongoing in order to determine what legislative and procedural changes can be introduced that shall have a positive impact on reducing appeal volumes.

- Transparency and Engagement with ratepayers

Further information to improve levels of understanding of the rating valuation process allowing a more informed decision on whether to appeal are required by the ratepayer.

While this matter is currently being addressed at a national level through further development of the SAA Portal there shall be a requirement at the local level to support this activity especially during the approach to the next revaluation in 2022.

- Information Gathering Powers & Civil Penalties

Fundamental to the revaluation process is the quality and quantity of relevant information gathered by Assessors. The outcome of current investigation into the categories of organisations that can be called upon by Assessors to provide information is awaited. This authority shall be supported by the additional power to levy a civil penalty for non-return of information.

- Business Growth Accelerator

The Scottish Government has introduced regulations that provide relief to ratepayers in respect of new build properties, where these shall not attract rates for one year following completion, and to ratepayers who invest in property by refurbishing and/or extending. Moving forward the Scottish Government is seeking to operate these reliefs through the Valuation Roll rather than on application by ratepayers to Council Finance Departments. The SAA is in discussion with Government to find the best method by which this can be achieved.

- Self-Catering Properties

The Government is seeking to restrict the current loophole that allows self-catering properties to move from the Council Tax List to the Valuation Roll, thereby receiving Small Business Relief, by introducing the requirement of actual letting of 70 days in any one year in addition to the current requirement of 140 days letting availability. This shall require a further monitoring process undertaken by Assessors.

- Commercial Activities in Parks

To provide an element of fairness Barclay recommended that commercial activities in parks be subject to rating. This matter is under discussion with Government where further clarity is required as to the nature of subjects that should be entered in the Roll.

### **3.0 BARCLAY ROADMAP**

3.1 In order to introduce Barclay as effectively as possible and ensure the transition from the 5 to 3 yearly revaluation cycle is achieved while maintaining service delivery, a Barclay Implementation Plan has been created. This is supported by a Barclay Roadmap.

3.2 The Barclay Roadmap, in headline form, is attached as appendix 1. This provides two layers of information. First are the headline milestone achievement dates commencing in 2018 and concluding in 2025. The second layer shows the key projects already identified that are required to support successful delivery. A third more detailed layer, underpinning the Roadmap, exists which breaks down each of these key projects into individual implementation plans.

3.3 The Roadmap spans a number of years reflecting the preparation period leading to the 2022 revaluation and through the first 3 yearly revaluation cycle concluding in 2025. This extended period of preparation is required, not only due to some of the complexities, but also owing to the process of revaluation itself. Once the 2022 revaluation is delivered there shall be no time thereafter to adjust processes to fit the 3 year cycle and deliver the next revaluation in 2025. All preparation and required change implementation must be concluded for delivery of the 2022 revaluation.

3.4 The key projects can be summarised as follows;

- ICT development that further enhances the automated valuation process, providing greater confidence in first pass valuations and allowing more emphasis on the analysis of information. In addition the creation of a shadow revaluation file that shall allow the ongoing calculation and maintenance of revaluation figures.
- Further development of the information gathering process both in terms of its collection and initial analysis.
- The deployment of new technology to the current Council Tax process allowing an assessment of how that technology may be used in respect of Valuation Roll activities, and the opportunity to release staff resource from Council Tax towards Valuation Roll maintenance.
- The development of an engagement process with ratepayers which shall both support the information gathering requirement and provide the ratepayer with more information and a better level of understanding of rating valuation.
- Two further projects provide a general supportive role and underpin effective delivery of Barclay, these being the development of a Training Framework and a Performance Framework. While the Training Framework aims to support staff with the development of essential skills, both technical and non-technical, the Performance Framework aims to ensure the effective use of resources and identify areas for further improvement.

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 The Barclay Review of NDR and subsequent Scottish Government consultation documents both comment on the impact on Assessor organisations in terms of the scale of change, increasing workloads and as a consequence the need to review funding levels.

4.2 At this stage discussions are ongoing between the SAA, COSLA and Scottish Government concerning the levels of required funding. It is anticipated that an indication of funding to be granted shall be included in the Government's budget proposals due to be announced during December 2018.

4.3 As detailed discussions are ongoing on many of the Barclay recommendations, in terms of both their interpretation and application, the ability to provide an accurate indication of possible funding requirements is restricted. However the current estimate for LVJB is an additional average annual funding requirement of £300k to £400k.

4.4 This represents an investment in additional professional/technical and technical support staff, (£340k), further investment in the SAA Portal to meet national engagement activities, expenditure on local ratepayer engagement, and an investment in field technology. (£30k)

4.5 As discussions progress regarding funding and further clarity on requirements is established a more accurate financial indication shall be provided to the Board.

#### **5..0 BARCLAY RISK REGISTER**

5.1 Attached as appendix 2 is a Barclay Risk Register. This reflects a range of possible risks across a number of criteria and indicates what action is or shall be taken in order to provide mitigation. At this stage a number of identified risks are marked as "high" due to the final outcome of ongoing discussions being currently unknown. This risk register is subject to regular review and scrutiny by the LVJB Governance Group.

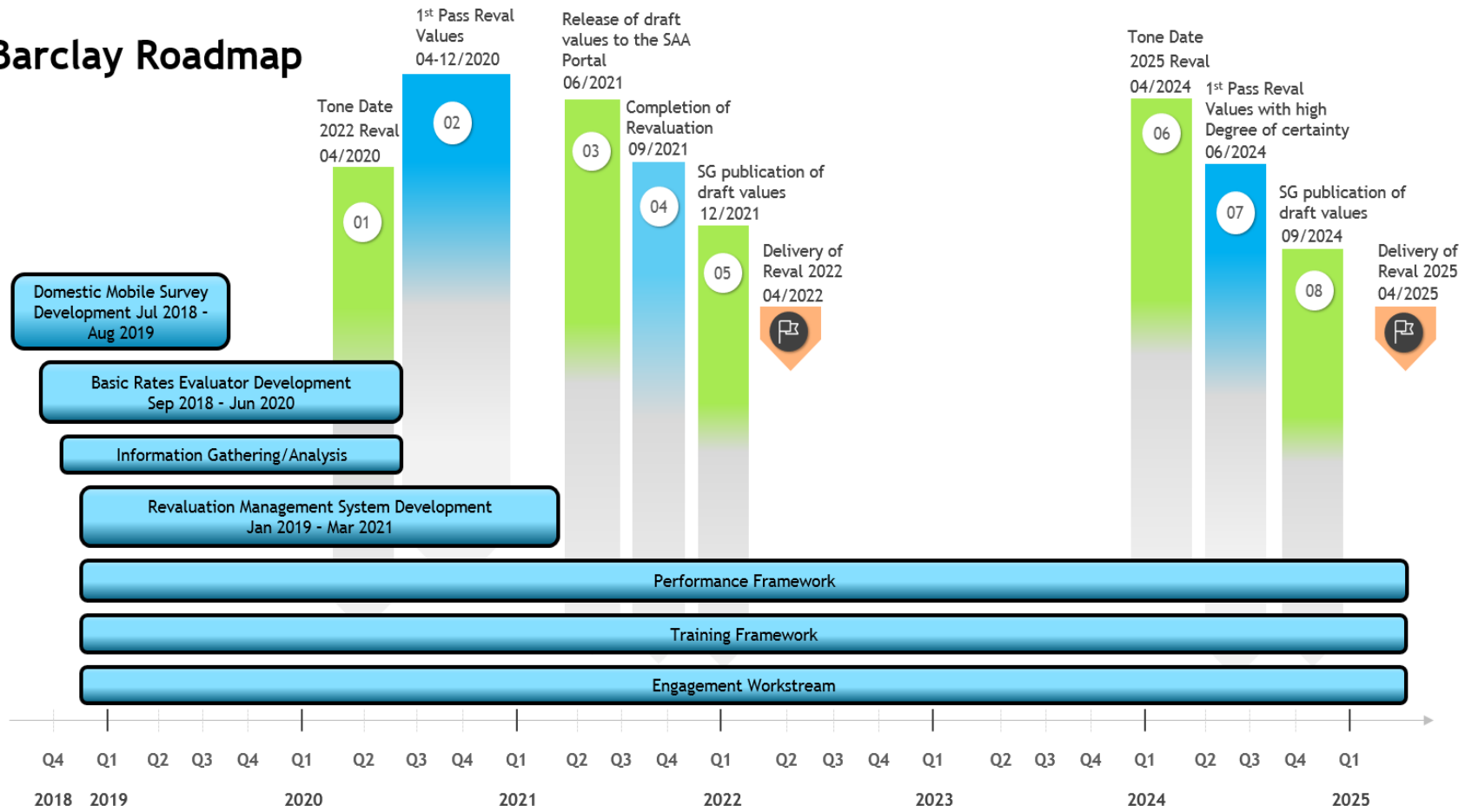
**6.0 RECOMMENDATION**

- 6.1 The Board is asked to note the content of this report and be advised that further reports shall be provided as the impact of the Barclay recommendations develop further, and by way of progress in respect of the Barclay Implementation Plan.

**Graeme Strachan**  
**ASSESSOR & ERO**



# Barclay Roadmap



APPENDIX 2

Risk Description	Category	Pre mitigation Rag Rating	Mitigation & Controls	Post mitigation Rag Rating	Allocation	Further Action	Responsibility	Action Date
Failure to secure additional funding	Finances		Barclay funding under discussion between SAA, SG and COSLA. Failure to secure funding or adequate funding shall seriously undermine the delivery of certain elements of Barclay. Access approved to LVJB Reserve Fund in order to support essential ICT development that shall increase levels of automated valuation process.		G Strachan	Continue to monitor national discussions. Consider a Barclay model where no additional funding is awarded.	G Strachan	Dec 18
Failure to estimate adequate additional funding	Finances		The additional funding estimate has been based on the cost of securing the additional ICT output required to support 3 yearly revaluations. This having been established at the Barclay away days and now reflected in the emerging Barclay implementation plan. Additional funding is based on an assessment of the challenges presented within the 3 yearly cycle of dealing with large volumes of appeals, undertaking revaluations, and maintaining running roll activities and the direct impact on current staffing levels. In addition a number of the lesser Barclay recommendations have given cause to reflect on administrative and supportive roles within LVJB. Current estimates have been provided to the SAA where a process of refinement and comparison has been undertaken. The current LVJB estimate compares favourably with the other larger assessor areas and provides justification to the funding level request.		G Strachan	Continue to consider at the national level.	G Strachan	Dec 18
Annual reduction in Core funding	Finances		A forced reduction in core budget funding shall impact on the effectiveness of any additional Barclay funding achieved. Where no additional Barclay funding is achieved and pressure on the Core budget is maintained then representation to Finance Directors and the Board shall be required. The option to enter into litigation against the Board for non-provision of adequate funding may have to be considered.		G Strachan	Continue discussion with core budget providers. Consider a Barclay model where no additional funding is awarded.	G Strachan	Feb 19

Risk Description	Category	Pre mitigation Rag Rating	Mitigation & Controls	Post mitigation Rag Rating	Allocation	Further Action	Responsibility	Action Date
Delays with Barclay legislation	Legislation	Major	Current legislative timetable being driven by SG with an implementation date of 1 <sup>st</sup> April 2020 for all primary legislative requirements. Delays in this timetable beyond this point may hinder the required changes within LVJB and place pressure on the internal Barclay Implementation Plan. At present the Barclay Bill is on timetable.	Significant	G Strachan	Continue to monitor.	G Strachan	March 19
Lack of clarity within Barclay legislation	Legislation	Significant	A lack of clarity may cause delays with implementation or the incorrect deployment of changes that are not fit for purpose as they were based on false interpretation. All draft legislation is normally offered up for consultation to the SAA prior to enactment. During the pre-legislative drafting phase the SAA shall remain active to ensure clarity is provided around proposed legislation.	Moderate	G Strachan	Continue to monitor.	G Strachan CLT	March 19
Project Board failure to ensure implementation of Barclay Roadmap	PB	Major	Break down in the operation of the Project Board within the LVJB shall seriously hinder the successful delivery of the Barclay requirements. The PB is fully supported by the Assessor, meets to a regular timetable and provides progress reports to the CLT. Any project failure or problems within the PB itself shall be apparent and action can be taken.	Moderate	G Strachan	Monitor PB progress reports	B Callaghan	Ongoing
Lack of senior team consensus on Barclay Roadmap detail	PB	Major	Current proposals for Barclay deployment have arisen from CLT away days and ongoing discussion with senior team members. Further away day planned to roll out detailed implementation plan (Barclay Roadmap) at which consensus shall be sought. Barclay is a team activity.	Significant	G Strachan	Review following planned away day.	G Strachan Project Board	October 2018
Failure within senior team to adopt roles, deliver on requirements, maintain momentum on Barclay Roadmap.	PB	Major	Following adoption of the Barclay Roadmap and identification of supporting projects all senior staff shall be aware of the specific roles and responsibilities they have. These shall be embedded within the project and have PB overview with progress discussed at CLT and through the Governance Group.	Moderate	G Strachan	GS to maintain an effective leadership presence throughout this project.	G Strachan Project Board Governance	Ongoing

APPENDIX 2 BARCLAY RISK REGISTER

RAG rating – Major ■ Significant ■ Moderate ■

Risk Description	Category	Pre mitigation Rag Rating	Mitigation & Controls	Post mitigation Rag Rating	Allocation	Further Action	Responsibility	Action Date
Lack of resilience, robustness within Barclay Roadmap	PB	Major	A key element of the Roadmap shall be the ability to provide flexible options to deployment of the requirements. In addition the map should provide "space" within the timetable to accommodate changes and issues. Key dependencies shall be identified and mitigation provided.	Major	G Strachan	Place Roadmap under regular review schedule.	Project Board	Nov 2018
Failure to identify risks within Roadmap process	PB	Major	Part of the Roadmap development is the identification of implementation plan risks. This shall be developed at the next away day and throughout the life cycle of the plan. The Governance Group shall review the plan periodically assessing risk areas.	Significant	G Strachan		Project Board Governance	Nov 2018 & ongoing
Failure of ancillary projects that underpin and support Barclay delivery	PB	Major	These projects are identified within the Barclay Roadmap and shall fall under the same level of scrutiny through the PB and CLT.	Significant	G Strachan		Project Board Governance	Nov 2018 & ongoing
Lack of ICT resource to support Barclay requirements	ICT	Major	ICT plays a crucial part in the successful delivery of Barclay. Access to the LVJB reserve fund has secured funding for additional development resource to underpin the key development areas.	Moderate	B Callaghan	Proceed with recruitment	B Callaghan	Dec 2018
Lack of, inaccurate specification for ICT development provided	ICT	Major	This shall fall under the oversight of the PB in order to ensure specification detail is sufficient for ICT development to proceed upon. This is a risk area. Adequate technical resource must be allocated to this particular activity.	Major	B Callaghan	Identify key technical staff to fulfil the necessary roles and activities.	Project Board	Dec 2018 & ongoing
Required ICT Development fails or is not delivered on time	ICT	Major	The accompanying ICT timetable that shall underpin Barclay delivery shall be reviewed regularly by the PB. Appropriate resource shall be applied to any testing requirements.	Significant	B Callaghan		Project Board	Dec 2018 & ongoing
Lack of Technical staff resource to deliver Barclay requirements	Resources	Major	Early identification of likely technical resource required during the implementation phases shall be undertaken, thereafter the satisfaction of the 3 yearly revaluation cycle shall become an ongoing organisational target, hopefully supported by additional funding.	Significant	CLT	Identify key technical staff to fulfil the necessary roles and activities.	CLT	Dec 2018 & ongoing

**APPENDIX 2 BARCLAY RISK REGISTER**

RAG rating – Major ■ Significant ■ Moderate ■

Risk Description	Category	Pre mitigation Rag Rating	Mitigation & Controls	Post mitigation Rag Rating	Allocation	Further Action	Responsibility	Action Date
Lack of Administrative resource to deliver Barclay requirements	Resources	Yellow	Certain Barclay requirements involve increased activity of an administrative nature for example the processing of civil penalties, the continuous flow of ingathered information, and the monitoring of SCU's. These tasks as yet clearly defined could fall within any/all of the non-technical staff areas. This has been recognised in the additional funding request.	Yellow	CLT	Following legislative changes assess impact on internal processes and associated resource availability	CLT	April 2019
Organisational staffing structure fails to support Barclay delivery	Resources	Red	Pressures arising from Barclay may require a redesign of existing staff resource in order to meet requirements. The need for flexibility within the staff resource in terms of work activity allocation shall be important.	Red	G Strachan	Use the Road map to identify areas for possible change.	CLT	April 2020
Unrecognised impact on VR maintenance tasks arising from Barclay requirements	Resources	Red	This is a risk area. Insufficient resources are retained to undertake ongoing VR maintenance tasks. Or resources are moved away from Barclay and 3 yearly revaluations to deal with maintenance tasks at the expense of Barclay requirements. The requested funding aims to mitigate this risk, in addition, identifying additional flexibility within existing resources through improved internal processes is reflected in a number of current workstream projects, for example by improving the main CT processes a technician resource could be released towards NDR activity.	Red	G Strachan	Monitor outcome of current workstream projects.	CLT	April 2020
Ancillary internal processes unable to support Barclay delivery	Process	Red	The Roadmap/implementation plan should identify any existing internal process which shall come under pressure and require review and change. These shall be taken up by the PB for investigation.	Yellow	B Callaghan		Project Board	Nov 2018
Lack of internal communication throughout delivery process	Comms.	Red	Existing communication channels through CLT, WLT and group meetings shall be supported by specific Barclay meetings to staff. In addition overview meetings for all staff shall be held.	Green	CLT	Consider the creation of a schedule of Barclay communication meetings. General update/overview meetings for all staff should be arranged.	CLT	Nov 2018

**APPENDIX 2 BARCLAY RISK REGISTER**

RAG rating – Major ■ Significant ■ Moderate ■

Risk Description	Category	Pre mitigation Rag Rating	Mitigation & Controls	Post mitigation Rag Rating	Allocation	Further Action	Responsibility	Action Date
Lack of external communication throughout delivery process	Comms	Major	Communication to the Board shall be provided through the existing reporting mechanisms by the Assessor. Any additional meetings can be provided as necessary.	Moderate	G Strachan		G Strachan	Nov 2018
Lack of ratepayer engagement undermining the information gathering process	Comms	Major	This forms part of an identified project work stream underpinning the Barclay Road map and as such comes under the management of the PB and CLT through which performance shall be monitored.	Significant	B Callaghan		Project Board	Nov 2018
Lack of co-ordination at a national and SAA level to ensure successful delivery of Barclay	Comms.	Significant	The SAA is working closely with SG and COSLA to ensure successful delivery of all Barclay requirements. In addition the SAA has identified a number of workstreams at a national level aimed at supporting the implementation process for all Assessors.	Moderate	G Strachan		G Strachan	ongoing
Lack of adequate training provided to staff to ensure Barclay delivery	Training	Significant	Current staffing make –up indicates a high level of trainee technical staff. These staff are required to be able to contribute effectively to the office as quickly as possible. A current Training programme is underway to support this aim and the trainee staff. In addition as ICT is developed to support Barclay delivery, system training shall be required for all staff. This shall again be taken up under the developing Training Programme. Training profiles are currently under design for Trainee staff and shall be developed for other posts in due course.	Significant	CLT	The Training Project workstream shall be periodically reviewed to ensure that all current and future training needs identified under Barclay are provided. This shall be reflected in the Barclay Implementation Plan.	R Mackenzie	ongoing

# Item 7

## ELECTORAL REGISTRATION ANNUAL CANVASS

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### 1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to appraise the Board of the current draft proposals in respect of changes to the annual household electoral registration canvass.
- 1.2 These draft proposals have been created following consultation between the Cabinet Office Electoral Registration Reform Team, Electoral Commission, AEA and SAA.

### 2 INTRODUCTION

- 2.1 The primary objectives of the changes to the annual canvass are to:-
  - Create an alternative canvass procedure that has a lower financial cost to operate;
  - Create an alternative canvass procedure that generates the same or higher volume and quality of information supplied to EROs.
- 2.2 Under the control of the Cabinet Office 24 pilot exercises were conducted by ERO's during the 2017 annual canvass. The pilots focused on such changes as increased use of email, telephone, replacing the Household Enquiry Form (HEF) with a simpler Household Notification Letter (HNL), and the use of data sets to validate existing electors. All the pilots were evaluated in terms of the volume of information gathered, the quality of that information, and the impact on cost, by comparing outcomes to change response rates, addition and deletion rates, and existing costs of canvass taken from previous canvass periods.
- 2.3 The pilot evaluation process sought to establish alternative approaches that gave either the same or better canvass outcome at lower cost.

The Cabinet Office pilot evaluation found:-

- Between 57% and 83% of properties presented no change during the canvass;
- Consensus that significant financial and staff savings driven by the use of data matching, emails and HNL's;
- Staff workload had been significantly reduced and the canvass period less stressful;
- Reduced workload allowed ERO's to focus resource on other areas of electoral activity.

Noted below are links to an Electoral Commission pilot evaluation report, and a cross-government consultation into proposals for canvass reform.

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[https://www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0006/244608/Annual-canvass-reform-pilot-scheme-evaluation.pdf](https://www.electoralcommission.org.uk/_data/assets/pdf_file/0006/244608/Annual-canvass-reform-pilot-scheme-evaluation.pdf)

<https://www.gov.uk/government/consultations/proposals-for-the-reform-of-the-annual-canvass>

### **3 CURRENT CANVASS PROCESS**

- 3.1 The current canvass process involves the issue of a paper HEF to all households in Lothian. Where there is a non return two further forms can be issued, followed by a doorstep canvasser call.
- 3.2 During the 2017 Canvass 409,380 initial HEF's were issued, followed by 200,208 stage 1 reminders, with a further 150,265 stage 2 reminders following. In addition, in excess of 80,000 canvasser calls were made. In total 759,853 forms were issued as part of the household contact process. This achieved a return rate of 73.1% against the initial issue of 409,380.
- 3.3 This process relies heavily on the use of paper and postage throughout each of its stages. While electors are encouraged to respond using electronic means, for example online, text, or phone over 56% of returns are received via paper.
- 3.4 The final accounting position for 2017/18 indicated that £275k was required by way of additional funding to support the IER process, all of which was accounted for as postage, printing and canvasser costs.

### **4 PROPOSED CANVASS MODEL FROM 2020**

- 4.1 The Cabinet Office intend to finalise the new canvass model during early 2019. While a number of areas remain under consideration and consultation Appendix 1 provides a broad overview of the likely process to be adopted.
- 4.2 The key elements of change involve the use of national and local data sets to provide a degree of certainty that electors are still residing at the address shown on the electoral register. Such an elector shall be marked "Green".
- 4.3 Where an entire household of electors is marked green then a lighter approach to canvass (Route 1) can be taken. This would involve either the issue of an email, where a response of no change or notification of changes is required, or the issue of a paper HNL or abbreviated HEF. In this case no response is expected. This difference between the two methods is in recognition that there is less assurance that an email has been received within the household as opposed to delivery via post. Where there is no response to the sent email, then a paper HNL of HEF shall be issued.
- 4.4 Where a household is marked "Red" in respect of all or some of the electors residing there, then the following canvass process (Route 2) shall be adopted. Following the issue of an initial HEF, two further contacts are required either by email, text, phone, paper, or canvass call, where one of the two must be canvasser or telephone. This not only provides a range of contact options but also removes one of the steps from the current canvass process.
- 4.5 The Cabinet Office are also considering how best to incorporate HMO's, void properties, and recent pre-canvass IER applicants into the new model.

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## **5 BENEFITS OF THE PROPOSED CANVASS MODEL**

5.1 The Cabinet Office have identified the following benefits from the proposed canvass model:-

- The generation of cost savings within the canvass process;
- Every household still receives a communication giving an opportunity to amend details;
- Increasing use of technology meeting citizen expectations;
- Resources can be targeted on properties that most require it during the canvass;
- Resources can be targeted on other registration processes;
- National and local data sets can be used to inform the canvass process.

## **6 IMPACT OF THE PROPOSED CANVASS MODEL**

- 6.1 Following release of the proposed canvass model preliminary analysis has been undertaken to assess the impact.
- 6.2 The Cabinet Office as part of the canvass model development process were able to analyse the IER 2014 Confirmation Live Run, where individual electors were matched to DWP records for the purpose of passporting them into the new IER regime, and convert these into results indicating Green and Red households.
- 6.3 The Green match rate for Lothian was as follows, City of Edinburgh 76%, West Lothian 82%, East Lothian 83%, and Midlothian 83%. These figures do not reflect any impact of local data matching which, it can be expected, would increase the percentages.
- 6.4 Overall in terms of Lothian households these match rates indicate that 338,660 would be marked as Green and 92,340 as Red.
- 6.5 For those households marked Green a single contact via email or amended HEF only is required. Preliminary analysis results indicate that under this process 118,531 emails would be issued, and, allowing for non-responses from email, 303,101 amended HEF's.
- 6.6 For those households marked Red a HEF shall be issued. Based on current response rates it is anticipated that 46,170 households would require further contact using one of the options available, and following that 30,011 of these households would require yet further contact. One of the options adopted in this process must be by way of personal contact either as a canvasser call or telephone.
- 6.7 Based on the 2017 canvass, preliminary analysis indicates that the volume of HEF's issued during the canvass period is estimated to reduce from 759,853 to 436,000.
- 6.8 Further analysis is ongoing focusing on the adoption of the variable elector contact options and assessing the impact on current canvass costs.
- 6.9 The Cabinet Office have been requested to consider the adoption of a Dry-Run during 2019 or early 2020. Not only would this allow proper testing of the technological aspects of the new model, but also furnish ERO's with up to date Green and Red percentages upon which they could undertake final analysis.

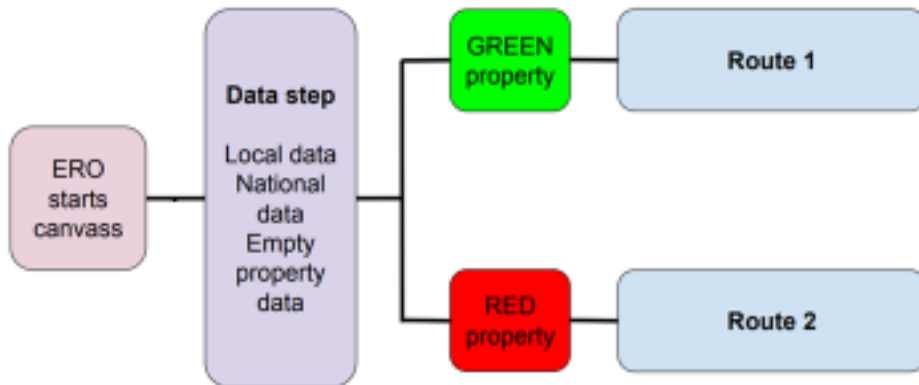
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## **7 RECOMMENDATION**

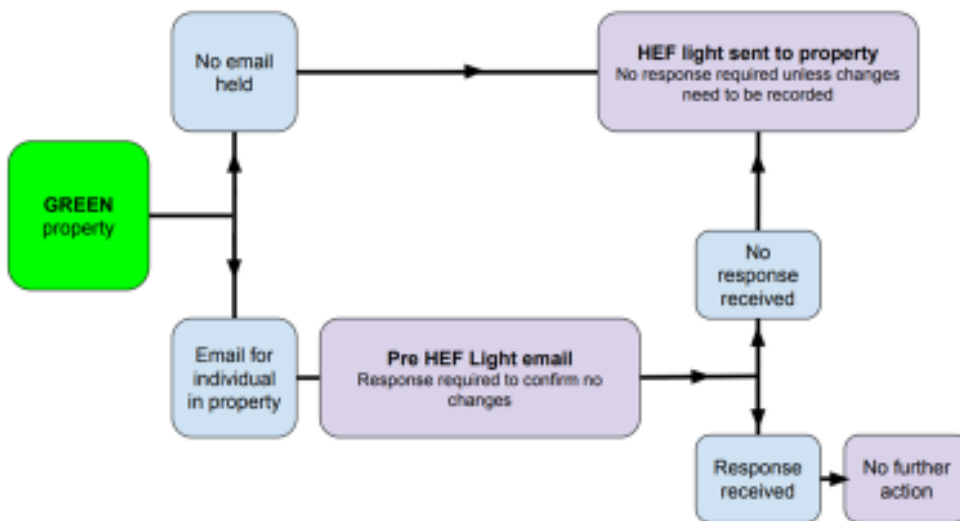
- 7.1 The Board is asked to note the content of this report and be advised that further reports shall be provided by the ERO during 2019/20.

**Graeme Strachan**  
**ASSESSOR & ERO**

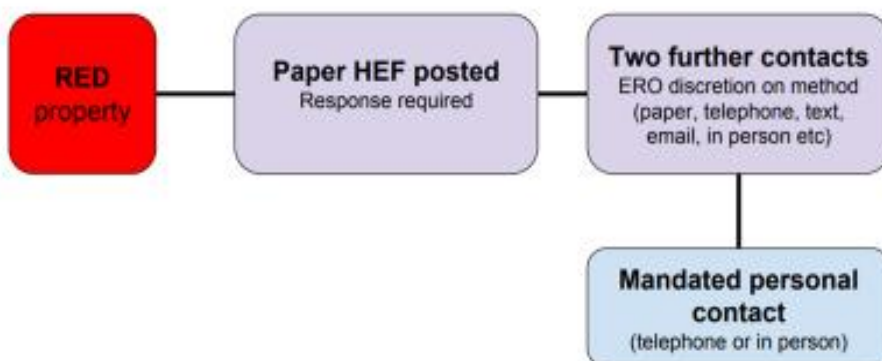
### High level model



### Route 1



### Route 2



# Item 8

## PERFORMANCE UPDATE

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### 1.0 INTRODUCTION

The purpose of this report is to update members on current service delivery, priorities and issues

### 2.0 ELECTORAL REGISTRATION

#### 2.1 Annual Household Canvass

The 2018 Household canvass is currently ongoing and shall conclude in advance of the Register publication date of 1<sup>st</sup> December 2018.

The table below indicates the canvass form return rate as at 15<sup>th</sup> October.

Council	Initial HEFs Issued	HEFs Returned	%
Edinburgh	245,736	17,128	69.64%
East Lothian	47,818	38,292	80.08%
Midlothian	40,602	31,771	78.25%
West Lothian	79,640	59,574	74.80%
<b>LOTHIAN REGION</b>	<b>413,796</b>	<b>300,765</b>	<b>72.68%</b>

At this stage the current prediction is for a modest increase in the return rate by comparison to the 2017 canvass where a rate of 74% was achieved.

Of the returns received by the 15<sup>th</sup> October, 143,862 were in paper format, 147,958 were received by electronic means and 8,945 were gathered as part of the canvasser door knock activity.

As an additional activity we issued 43,586 email reminders following the final issue of paper reminders.

Return of canvass forms can give rise to the issue of Invitation to Register forms (ITR). During this year's canvass we have posted 32,752 ITR's, emailed an additional 8,480, followed up with 37,899 1<sup>st</sup> and 2<sup>nd</sup> paper reminders, and 547 email reminders.

The current Absent Vote list stands at 124,011 which is slightly down from the 1<sup>st</sup> December 2017 position of 127,725.

## 2.2 Elector Engagement

Elector engagement is an essential activity throughout the year. Engagement activities draw attention to the accessibility of the registration process with a particular focus to direct electors through the on-line registration process. During the annual household canvass period additional emphasis is placed on the importance to return the Household Canvass Form.

Following the launch of a redesigned LVJB web site, [www.lothian-vjb.gov.uk](http://www.lothian-vjb.gov.uk), a new twitter feed has been created in order to provide information and access to registration information through social media. This shall provide an additional platform for electors to engage with the organisation.

Noted below are some of the recent engagement activities undertaken;

- Registration events held at various locations in each of the four council areas to allow people to return Household Enquiry Forms and check if they are registered.
- Attendance at Edinburgh University's 'Welcome Week Expo' & at Pollock Halls to register new students and promoter voter registration.
- Attendance at Queen Margaret University matriculation event to register new students.
- Social media advertising through constituent Councils Corporate Communications departments to encourage return of Household Enquiry Forms.
- Attendance at Citizenship Ceremonies to register newly qualified electors.
- Over 12,000 ITR's issued to new Council Tax Payers using Data Mining program.
- Promotional materials on display as part of Museum of Edinburgh's exhibition 'Their Work Is Not Forgotten' celebrating the centenary of women's suffrage.

## 2.3 Service Priorities

- Conclude the annual household canvass, process all returned information as necessary.- Publish the revised Electoral register on 1<sup>st</sup> December 2018.
- Continue processing all applications received, such as registration forms, absent vote applications etc.
- Continue doorstep activity in respect of outstanding ITR's
- Carry out absent vote signature refresh
- Continue with elector engagement activities
- Continue contingency planning for major electoral event
- Continue to assess and model the impact of proposed new canvass process

## 3.0 COUNCIL TAX

Noted below is information, covering the period 1<sup>st</sup> April to 15<sup>th</sup> October, in respect of activity on the Council Tax List.

1 <sup>st</sup> April 2018 to 15 Oct 2018	Inserts	Amends	Deletions
Edinburgh	1,789	118	366
Midlothian	361	8	10
West Lothian	484	20	16
East Lothian	382	22	36
<b>LOTHIAN REGION</b>	<b>3,016</b>	<b>168</b>	<b>428</b>

The current performance indicator for new house inserts is as follows, 94.43% within 3 months, 4.77% within 3 to 6 months, and 0.8% greater than 6 months.

During the period 1<sup>st</sup> April to 30 September 2018, 122 bandings were altered following Point of Sale consideration. These are instances where additions to existing dwellings are deemed sufficient to alter the council tax band with the alteration coming into effect at the point the dwelling is subsequently sold.

The Council Tax service priorities are;

- Continue to update the Council Tax list in respect of new builds, demolitions, splits and mergers
- Continue to monitor point of sales.
- Continue to dispose of Council Tax appeals
- Continue to monitor domestic building warrant material
- Continue with the introduction of wireless field technology to domestic survey activity.

#### 4.0 NON-DOMESTIC RATING – THE VALUATION ROLL

##### 4.1 2017 Revaluation Appeals

Disposal of 2017 Revaluation appeals continues to dominate the workload of professional staff within the organisation.

During the period 1<sup>st</sup> April to 15<sup>th</sup> October 2018 4,395 appeals have been dealt with and by the end of the year this shall have risen to circa. 6,000. This shall represent approximately 46% of the total number of appeals received.

Following recent discussions with the secretary of the Valuation Appeal Committee agreement has been reached in respect of the 2019 appeal citation diet. It is anticipated that the target of 75% to 80% appeal disposal by December 2019 shall be achieved.

All Revaluation appeals, if not referred to the Lands Tribunal, require to be disposed of by 31<sup>st</sup> December 2020.

The tables below provide further information on revaluation appeal disposal.

1 APRIL 2017 TO 15 OCTOBER 2018	Total Appeals Received (2017 RV)	Total Appeals Closed	% of Total Appeals Received Closed	Number of Appeals Withdrawn or Dismissed	% of Appeals Withdrawn	Number of Appeals Adjusted	% of Appeals Adjusted
Edinburgh	8,343	2,887	34.6%	2,368	82.0%	519	18.0%
Midlothian	1,059	238	22.4%	150	63.0%	88	37.0%
West Lothian	2,499	821	32.8%	686	83.5%	135	16.5%
East Lothian	1,107	449	40.5%	388	86.4%	61	13.6%
<b>LOTHIAN REGION</b>	<b>13,008</b>	<b>4,395</b>	<b>33.8%</b>	<b>3,592</b>	<b>81.7%</b>	<b>803</b>	<b>18.3%</b>

<b>1 APRIL 2017 TO 15 OCTOBER 2018</b>	Shops	Offices and Car Parking	Industrials	Other Types
Edinburgh	715	1,716	132	324
Midlothian	99	26	105	8
West Lothian	139	367	288	27
East Lothian	137	127	153	32
<b>LOTHIAN REGION</b>	<b>1,090</b>	<b>2,236</b>	<b>678</b>	<b>391</b>

#### **4.2 2017/2018 Valuation Roll- Running Roll**

Valuation Roll is subject to annual alteration to reflect new property inserts, amendments to existing properties and deletions.

Achieving the correct balance of available resources between this activity and revaluation appeal disposal is an ongoing challenge for the organisation. Investigations have commenced to ascertain in what way internal processes and resource allocation can be improved in order to better support these competing activities.

The table below provides information on Valuation Roll alteration activity.

<b>1 April 2018 to 15 Oct 2018</b>	Inserts	Amends	Deletions
Edinburgh	499	639	366
Midlothian	35	49	31
West Lothian	79	181	143
East Lothian	78	77	24
<b>LOTHIAN REGION</b>	<b>691</b>	<b>946</b>	<b>564</b>

The current performance associated with this activity is as follows, 72.41% in less than 3 months, 23.38% in 3 to 6 months, and 4.21% greater than 6 months.

Running Roll activity can give rise to further appeal activity. The table below indicates the volume of appeals received and dealt with as a result of running roll activity during the period 1<sup>st</sup> April 2017 to 15<sup>th</sup> October 2018. The legislative deadline for disposing of these appeals is 31<sup>st</sup> December 2020. In many cases where both a revaluation appeal and running roll appeal exist for the same property they shall be dealt with at the same time.



<b>1 APRIL 2017 TO 15 OCTOBER 2018</b>	Total RR Appeals Received (2017 RV)	Total Appeals Closed	% of Total Appeals Closed	Number of Appeals Withdrawn or Dismissed	% of Appeals Withdrawn or Dismissed	Number of Appeals Adjusted	% of Appeals Adjusted
Edinburgh	763	168	22.0%	111	66.1%	57	33.9%
Midlothian	77	7	9.1%	2	28.5%	5	71.5%
West Lothian	237	68	28.6%	53	77.9%	15	22.1%
East Lothian	65	9	13.8%	8	88.9%	1	11.1%
<b>LOTHIAN REGION</b>	<b>1,142</b>	<b>252</b>	<b>22.1%</b>	<b>174</b>	<b>69.0%</b>	<b>890</b>	<b>31.0%</b>

## **5.0 FINANCIAL STATEMENT**

### **5.1 Budget 2018/2019 Projected Outturn**

The Treasurer's report indicates a projected budget out turn of an under spend of £103k. This has mainly resulted from the recruitment process undertaken following the recent organisational restructuring.

### **5.2 Reserve Fund**

The Board holds a reserve fund, originally created to provide financial support to the Boards policy on early voluntary release. It is now agreed that this fund should be used to provide mitigation against future financial risks facing the Board subject to an ongoing review and assessment of the severity of risk faced.

The Treasurers report provides detail and quantification where possible on the current risks facing the Board. The Board shall be required to make both a decision on the allocation of the 2018/19 budget outturn and the general level of reserve fund to be maintained within 2019/20 at a future meeting.

As has been indicated the Board faces considerable pressure both from uncertainty resulting from changing service delivery requirements and the ongoing fiscal constraint in respect of available funding for local authorities.

### **5.3 3/5 Year Organisational Strategy**

A recent recommendation from the external Auditors is that a 3 to 5 year organisational strategy be developed that provides an indication of future service delivery direction, acknowledging the challenges faced, in conjunction with an assessment of the financial support required to sustain the identified service requirements over the strategy period.

Accordingly the proposed strategy shall be developed by the Assessor and Treasurer and presented to the Board for consideration.

## **6.0 GOVERNANCE**

### **6.1 Internal/External Audit Update**

During 2018/19 both City of Edinburgh Internal Audit and Scott Moncrieff, External Auditors were active within the organisation. The recommendations identified within the resulting audit reports were highlighted to the Board at its meeting on the 3rd September 2018.

The following is an update on progress made on those recommendations;

Audit Review of Data & Records Management Framework indicated 3 significant risks and 19 moderate risks. Of the significant risks 2 have now been dealt with and the remaining one is on target for completion within the agreed timescale. Of the moderate risks 10 have been concluded, the remaining 9 are within timescale for completion.

Audit Review of Business Rates Assurance Framework indicated 8 medium and 2 low risks. In respect of the medium risks 3 are now complete, 7 are within agreed timescale for completion.

External audit identified 2 moderate risks both of which are currently under action and shall be completed within the agreed timescales.

## **6.2 Governance Group Meeting with Key Stakeholders**

The Governance Group held its first external meeting with key stakeholders on 24<sup>th</sup> October. The meeting was provided with updates on actions arising from internal/external audit activity, risk registers, the progress of projects arising from the ongoing Transformation Programme, and monthly quality assurance activities.

Attendees also discussed how future meetings should be structured and the reporting of governance matters to the Board.

## **7.0 RECOMMENDATION**

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

**Graeme Strachan**  
**ASSESSOR & ERO**