

## Notice of Meeting and Agenda

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**10.00am, Monday, 14th June, 2021**

Virtual Meeting - via Microsoft Teams

### **1. Order of Business**

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

### **2. Declaration of Interests**

- 2.1 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. Minutes**

- 3.1 Minute of the Lothian Valuation Joint Board of 19 April 2021 – 5 - 6  
submitted for approval as a correct record

### **4. Reports**

- 4.1 Interim Assessor's Annual Performance Report to the Lothian Valuation Joint Board – Report by the Assessor and Electoral Registration Officer 7 - 16
- 4.2 Unaudited Annual Accounts for the Year Ended 31st March 2021 – Report by the Treasurer 17 - 66

<b>4.3</b>	Treasury Management Annual Report 2020/21 – Report by the Treasurer	67 - 68
<b>4.4</b>	Review of Operational Governance Framework 2021 – Report by the Chief Executive and Clerk	69 - 126
<b>4.5</b>	Recruitment of a Permanent Assessor and Electoral Registration Officer – Report by the Treasurer	127 - 130
<b>4.6</b>	Membership Update – Report by the Chief Executive and Clerk	131 - 132

## **Andrew Kerr**

Chief Executive

## **Membership**

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

Councillor Gavin Corbett

Councillor Phil Duggart

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 Kieran Munro

Councillor Margot Russell

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

Councillor Andrew McGuire (Vice-Convener)

Councillor Damian Doran-Timson

Vacancy

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

Councillor Jeremy Findlay

Councillor Jim Goodfellow

**Notes:**

- (1) If you have any questions about the agenda or meeting arrangements, please contact Rachel Gentleman | Committee Services | Strategy and Communications | Chief Executive | City of Edinburgh Council | Business Centre 2:1 | Waverley Court | 4 East Market Street | Edinburgh | EH8 8BG | tel 0131 529 4107 | email [rachel.gentleman@edinburgh.gov.uk](mailto:rachel.gentleman@edinburgh.gov.uk)
- (2) 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) .



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## Lothian Valuation Joint Board

19 April 2021

Meeting held virtually by Teams

### Present:

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

**East Lothian Council** – Councillors Findlay and Goodfellow (from item 2 onwards).

**Midlothian Council** – Councillor Russell.

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

### 1 Minute

#### Decision

To approve the minute of the Lothian Valuation Joint Board of 1 February 2021 (reconvened on 15 February 2021) as a correct record.

### 2 Interim Assessor's Progress Report to the Lothian Valuation Joint Board

A progress report by the Interim Assessor and Electoral Registration Officer (ERO) was presented to the Board. It provided information on the overview of current service delivery, priorities, risks and future direction.

An update was also provided on the activities of the organisation during the Covid-19 pandemic. The majority of staff continued to work from home with a limited number attending the office to work on tasks which could not be done from home, in particular preparatory work for the upcoming Scottish Parliamentary Election in May 2021.

#### Decision

To note the report.

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

### 3 2020/21 External Audit Annual Plan

The External Audit Annual Plan for 2020/21 was presented, summarising the work plan for the external audit of the Joint Board. It outlined the proposed main areas of scrutiny and timescales for the 2020/21 audit.

**Decision**

To note the External Audit Annual Plan 2020/21.

(References – report by the Treasurer, submitted)



## **INTERIM ASSESSOR'S ANNUAL PERFORMANCE REPORT TO THE LOTHIAN VALUATION JOINT BOARD**

14th June 2021

### **1.0 PURPOSE**

- 1.1 To provide members with an overview of current service delivery, priorities, risks and future direction.
- 1.2 This report accompanies the 2020/2021 unaudited accounts allowing consideration of organisational performance and budgetary outcome. The statistical performance information provided reflects upon the statutorily defined elements of the Assessor and ERO's key service delivery areas. Comment is also provided on other aspects of organisational activity.
- 1.2 It should be noted that the majority of staff remain working at home during current Covid restrictions. There are however a very limited number of staff attending the office to deal with tasks that cannot be done from home. Valuation staff attend the office on a strictly limited basis to access paper files and deal with a small number of tasks that cannot be done from home.

### **2.0 ELECTORAL REGISTRATION – MAINTENANCE**

- 2.1 This has coincided with the recent Scottish Parliamentary Election.
- 2.2 Regarding the recent Scottish Parliamentary Election, I am pleased to say that everything went well on the day. We received c.70 emergency proxies on the day of the election which were all dealt with. There had been some concern that we would receive large numbers of these on the day of the election, but it transpired not to be the case.
- 2.3 The position regarding total electorate as at 28<sup>th</sup> April for the 4 constituent councils is shown below.

Constituent Council	28 April 2021 Eligible Electorate	28 April 2021 Eligible Electorate with a postal vote	Percentage of 28 April electorate with a postal vote as at 28 April	Number of prisoners	Number of "M" Electors incl prisoners
City of Edinburgh	401,321	102,021	25.42%	1	41133
East Lothian	87,227	23,216	26.62%	0	2659
Midlothian	74,919	18,233	24.34%	0	2493
West Lothian	144,306	31,499	21.83%	0	7056
Total	707,773	174,969	24.72%	1	53341

2.4 The tables below show canvass return rates 20/21 and voter numbers in July 20 as against June 21 for all the constituent councils by ward.

City of Edinburgh Council	Canvass Return Stats	Total Electors	Young Electors	Total Electors	Young Electors
WARD	Return Rate (%)	1st July 2020	1st July 2020	1st June 2021	1st June 2021
1. Almond	88.05	27356	333	27518	448
2. Pentland Hills	84.77	24410	283	24711	428
3. Drum Brae/ Gyle	89.04	18977	213	18950	273
4. Forth	81.1	24776	214	25016	316
5. Inverleith	87.64	25159	250	25157	291
6. Corstorphine/ Murrayfield	90.46	19829	211	19867	287
7. Sighthill/ Gorgie	76.13	23812	102	23972	195
8. Colinton/ Fairmilehead	89.89	19479	270	19552	350
9. Fountainbridge/ Craiglockhart	80.84	18596	173	18896	175
10. Morningside	83.47	26130	290	26195	375
11. City Centre	71.28	23373	96	24364	114
12. Leith Walk	79.19	26645	90	27218	125
13. Leith	80.69	19284	98	19464	134
14. Craigmillar/ Duddingston	82.57	24238	155	24450	176
15. Southside/ Newington	81.33	25148	273	25245	271
16. Liberton/ Gilmerton	84.08	27612	221	28504	336
17. Portobello/ Craigmillar	82.59	24971	267	25699	350



Midlothian Council	Canvass Return	Total Electors	Young Electors	Total Electors	Young Electors
	Return Rate (%)	1st July 2020	1st July 2020	1st June 2021	1st June 2021
1. Penicuik	91.62	11236	97	11266	136
2. Bonnyrigg	92.25	14160	157	14267	260
3. Dalkeith	86.07	11210	98	11489	157
4. Midlothian West	87.6	12981	128	13390	155
5. Midlothian East	90.32	12218	136	12279	167
6. Midlothian South	88.74	12147	136	12494	172

West Lothian Council	Canvass Return	Total Electors	Young Electors	Total Electors	Young Electors
	Return Rate (%)	1st July 2020	1st July 2020	1st June 2021	1st June 2021
1. Linlithgow	92.99	12429	187	12496	239
2. Broxburn, Uphall and Winchburgh	88.83	16301	193	16500	217
3. Livingston North	88.85	18147	242	18289	291
4. Livingston South	87.52	18709	266	18979	321
5. East Livingston and East Calder	87.3	17322	193	17769	205
6. Fauldhouse and the Breich Valley	86.63	12497	160	12638	191
7. Whitburn and Blackburn	84.31	16590	158	16929	224
8. Bathgate	87.86	18030	230	18122	285
9. Armadale and Blackridge	87.32	12875	177	13146	234

East Lothian Council	Canvass Return	Total Electors	Young Electors	Total Electors	Young Electors
	Return Rate (%)	1st July 2020	1st July 2020	1st June 2021	1st June 2021
1. Musselburgh	88.44	16852	156	16713	199
2. Preston, Seton and Gosford	90.67	14956	150	15101	194
3. Tranent, Wallyford and Macmerry	88.58	15133	179	15369	258
4. North Berwick Coastal	88.66	11606	176	12169	237
5. Haddington and Lammermuir	88.08	15243	184	15853	233
6. Dunbar and East Linton	88.48	11958	165	12386	242

### 3.0 ELECTORAL LEGISLATION – ELECTIONS

3.1 There is currently one by-election to be held in the coming months for Ward 5 in West Lothian, East Livingston / East Calder. As yet no date has been set for the by-election itself to be held.

### 4.0 ELECTORAL REGISTRATION ENGAGEMENT

4.1 Whilst face-to-face engagement opportunities have been curtailed due to ongoing coronavirus restrictions, my office has continued to work in partnership with various groups and constituent councils to draw attention to the importance of participating in the democratic process. Although restrictions have provided a challenge, they have also presented opportunities to work innovatively, exploring new avenues of engagement, particularly with underrepresented sections of the electorate.

#### 4.2 Schools

One of the main thrusts of the engagement role is promoting voter registration in schools across the Lothians. With the introduction of legislation allowing all 14-15 year olds to register to vote, there was an increase in the amount of unregistered school pupils that appeared on school lists provided to us by constituent councils and independent schools at the start of the school year. Using the data mining program 12,738 Invitation to Register (ITR) forms were issued to school pupils that were not registered or not identified during the annual household canvass.

Additionally, the Electoral Commission provided engagement tools and workshops that were disseminated to schools providing resources and advice for how they can help young people engage in democracy. This office also worked in partnership with teachers and pupils at Lasswade High School to create a video promoting voter registration ahead of the Scottish Parliament election – the video is available on the Lothian Valuation Joint Board website.

For details of school pupil's registration rates across all four constituent councils and independent schools from across the Lothians see the tables below: -

Table 1: Total number of school pupils, 14 years old or over (on 1 December 2020), registered to vote by local authority or independent schools – correct as at 6 May 2021

<b>Local Authority</b>	<b>No of Pupils</b>	<b>Registered</b>	<b>% Registered</b>	<b>% Increase</b>
<b>City of Edinburgh</b>	<b>12183</b>	<b>9435</b>	<b>77.44</b>	<b>29.95</b>
<b>East Lothian</b>	<b>3771</b>	<b>2986</b>	<b>79.18</b>	<b>31.55</b>
<b>Midlothian</b>	<b>3164</b>	<b>2294</b>	<b>72.50</b>	<b>30.72</b>
<b>West Lothian</b>	<b>6864</b>	<b>5328</b>	<b>77.62</b>	<b>29.05</b>
<b>Independent Schools</b>	<b>3833</b>	<b>3462</b>	<b>90.32</b>	<b>30.70</b>
<b>TOTAL</b>	<b>29815</b>	<b>23505</b>	<b>78.84</b>	<b>30.11</b>

Table 2: Total number of school pupils, 16 years old or over on 6 May 2021, registered and eligible to vote in Scottish Parliament election by local authority or independent schools – correct as at 6 May 2021

Local Authority	Eligible for SPE	Registered	% Reg @ 6 May
City of Edinburgh	6580	5600	85.11
East Lothian	1965	1718	87.43
Midlothian	1576	1280	81.22
West Lothian	3578	3154	88.15
Independent Schools	2245	2113	94.12
<b>TOTAL</b>	<b>15944</b>	<b>13865</b>	<b>86.96</b>

#### 4.3 Foreign Nationals

A further change in legislation extended voting rights to all foreign nationals with leave to enter or remain, living in Scotland, at Scottish elections. To reach this newly enfranchised group an insert was included in all initial paper canvass communications informing foreign citizens that they are now eligible to register to vote, directing them to the online registration website.

This office worked in partnership with ReAct Refugee Action Scotland, an organisation that assists the resettlement and integration of refugees in Scotland, to create a video promoting voter registration in the refugee community. The video provided an explanation of how to register to vote, which elections foreign citizens are eligible to vote in and how to cast their vote at an election. Whilst this office is primarily concerned with registration within the Lothian region, the video was disseminated across Scotland and was used as part of a suite of voter registration resources collated in conjunction with the Electoral Commission and the Scottish Refugee Council's project to promote voter registration in refugee communities.

For details of registration rates of foreign nationals across all four constituent councils see the table below: -

Table 3: Number of foreign citizens registered to vote by local authority

Local Authority	EU Member State Citizens	Non-EU/Commonwealth Foreign Citizens	Total Non-Commonwealth Foreign Citizens
City of Edinburgh	43,218	4,330	47,548
East Lothian	3,000	200	3,200
Midlothian	2,718	164	2,882
West Lothian	7,502	275	7,777
<b>TOTALS</b>	<b>56,438</b>	<b>4,969</b>	<b>61,407</b>

#### 4.4 Universities

Fresher's Fairs scheduled for September at all four Universities were either cancelled or moved online, with Universities concentrating on promotion of internal societies and groups.

In place of the fairs that we would normally attend voter registration was promoted in the student population through: -

- Web banners on Napier and Queen Margaret Universities Student Association websites.
- Advertising in various Freshers' Information publications.
- Students Association social media channels.
- An E-mail issued to all students appearing on lists provided by each of the universities, inviting those who had not already done so to register to vote via the gov.uk website.
- Providing support and advice to Student Associations running voter registration campaigns ahead of the Scottish Parliament election.

#### 4.5 Other Engagement Activities

Throughout the year a range of other engagement activities are carried out in order to further support the overarching commitment to provide a complete and accurate Electoral Register, examples of these activities are detailed below: -

- Household Notification Letter issued to all households listing names of all registered electors and their absent voting status ahead of the Scottish Parliament election.
- TV and social media campaign to promote postal and proxy vote application options as well as the safety measures that were in place at polling stations ahead of the Scottish Parliament election.
  - Key message – “Plan today so you can vote in May”
- Home movers identified and ITRs issued using the data mining program – approx. 21,000 ITRs issued during the reporting period.
- Promotion of annual household canvass around key dates on social media. Messaging was amplified through constituent council's social media channels.
- Increased social media activity around key dates for Local Government by-elections taking place throughout the year, working in partnership with constituent councils' communications departments to co-ordinate messaging.

Turnout figures for each of the by elections were as follows: -

- City of Edinburgh Ward 14 – Craigentenny/Duddingston = 31.6%
- West Lothian Ward 4 – Livingston South = 30.2%
- Midlothian Ward 5 – Midlothian East = 35.8%

## 5.0 VALUATION ROLL – MAINTENANCE

- 5.1 At the April board meeting I reported on the full year 20/21 figures regarding amendments to the valuation roll. The performance figures for the year in relation to KPI targets are shown below for 20/21.

Year	20/21	19/20	18/19	17/18	16/17
% Within 3 Months	53.42%	67.39%	57.86%	63.10%	47.15%
KPI Target	65.0%	70.0%	70.0%	70.0%	50.0%

As can be seen in 20/21 there was a dip in the performance level achieved compared to the previous year. The performance level achieved has dropped compared to 19/20, this is not unexpected taking account of all the issues surrounding the Covid-19 pandemic particularly during the first national lockdown.

- 5.2 For the period covering 01/04/21 to 31/05/21, 221 alterations have been made to the valuation roll with respect to running roll activities. These changes comprised 51 amendments to existing entries, 119 deletions, 51 inserts and c.450 name changes.

It perhaps should be noted that of these changes 85 related to self-catering units, 55 deletions and 30 inserts.

In the same period in 20/21, 179 alterations were made to the valuation roll 65 of which related to SCU's, however there were more inserts than deletions, 38 inserts and 27 deletions.

	Edinburgh	Midlothian	W. Lothian	E. Lothian	Total
Inserts	33	10	4	4	51
Deletions	101	3	5	10	119
Amendments	31	5	9	6	51

- 5.3 As lockdown has eased limited external inspections of properties has now restarted. This should assist with the resolution of many of the remaining Revaluation appeals and running roll in general. Staff do continue to undertake necessary actions in the many cases using plans and information provided in the form of photos, videos and any suitable and appropriate online resource.
- 5.4 Internal survey of property is still on hold, with one or two exceptions for particular reasons, at the current time. Realistically I don't expect that this will change in the short term. Until the current lockdown measures are relaxed further this position is unlikely to change.

## **6.0 VALUATION ROLL – APPEALS**

- 6.1 There are currently 764 outstanding 2017 Revaluation appeals. 461 of these have been cited for hearings in June. There are in total 17,288 outstanding running roll appeals of which 16,012 relate to Covid. Central discussions between the SAA and agents are still ongoing. Of these 16,012 appeals c.9,700 have a disposal date, as it currently stands, of 31/12/21.
- 6.2 These appeals, again as it currently stands, must be cited for hearing for a date prior to the 31/12/21 and citations must be issued before the end of June. Plans are in place to do so. Representations have been made to the Scottish Government regarding the current appeal timetable, by the SAA and, I believe, from ratepayer’s representatives, that the current disposal date is unrealistic and a further extension to the timetable should be considered. As yet no decision has been taken regarding this and I am working on the assumption that this will not change, although from a purely personal perspective I believe the timetable will be extended. This number of outstanding running roll appeals is unprecedented and is reflected throughout Scotland. It is still unclear what the final resolution will be regarding these appeals, but it will add a substantial extra amount of work during this period.
- 6.3 One other point to make the Board aware of is that there is the potential that requests may have to be made to the Local Valuation Appeal Committee for these appeals, or certainly a number of them, to be referred to the Lands Tribunal. I’m hopeful that will not be the case but if it does transpire that this course of action is required it will present a financial risk to the board. It is unquantifiable at the current time as to the numbers of referral requests that potentially could be required, but the Board should be aware of the potential for such a course of action to be taken. I have arranged to meet the secretary, Chairperson and Vice Chairperson of the Valuation Appeal Committee on June 15<sup>th</sup> to discuss these matters in more detail and get some clarity from the committee as to their position regarding this. One piece of good news is that I believe the VAC are to begin having physical hearings from September. This will undoubtedly help to resolve many of the outstanding Revaluation appeals.

## **7.0 VALUATION ROLL – NDR REFORM**

- 7.1 The creation of the Valuation Service Team, part of the Transformation programme Phase 2, which involves the reforming of existing resources in a more effective and efficient fashion, and aimed at supporting the Valuation Roll function, continues to move forward.
- 7.2 Additional in-house software projects are in development to assist with NDR reform. These should improve the valuation and appeal processes of the 2023 Revaluation. Planning for the 2023 revaluation has begun.

## 8.0 COUNCIL TAX – MAINTENANCE

8.1 Over the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021, 4,637 new houses were added to the list, this compared to 6,011 for the same period in 2019/20. A more detailed breakdown by Council area was reported at the April Board meeting.

8.2 The performance against the KPI is shown below.

Year	20/21	19/20	18/19	17/18	16/17
% Within 3 Months	84.90%	91.21%	93.75%	95.93%	93.86%
KPI Target	95.0%	95.0%	95.0%	95.0%	95.0%

8.3 As can be seen there has been a drop in performance level as compared to previous years. The Covid-19 pandemic has had a large effect on property in general and this is clearly reflected in the statistics above.

8.4 The number of new houses entered on the valuation list between 01/04/21 and 31/05/21 are shown below. The figures for the same period in 2020 are shown for comparison.

	01/04 – 31/05/21	01/04 – 31/05/20
Edinburgh	398	255
Midlothian	160	40
West Lothian	139	32
East Lothian	154	80
Total	851	407

8.5 There are currently c.200 outstanding Council Tax appeals. These are being dealt with subject to the limitations imposed by the pandemic. With the restart of physical hearings by the VAC planned for September this should assist in the resolution of some of these appeals. It should be noted that current restrictions do make resolution of council tax appeals more difficult.

## 9.0 COVID – UPDATE

9.1 Staff continue to follow Government advice and are in the main working from home. I do have a limited number of staff attending the office daily to deal with a variety of matters that cannot be carried out from home.

9.2 I have issued a staff questionnaire to staff regarding a blended return to office/home working in anticipation of further lockdown easing as the year progresses. A draft Working from Home Policy has been written and initial discussions have taken place with staff representatives. A review of how flexitime will work in the future is also planned.

## **10.0 Governance Strategy Group**

10.1 A further meeting of the Governance Strategy Group was held on the 1<sup>st</sup> June 2021. In attendance were myself, LVJB Head of Governance, Councillors Key, Russell and Goodfellow. Topics discussed were the recent SP election, an update on an IT project relating to NDR reform, a change as to how Council Tax processing will take place and an update on plans for moving to a blended approach of home and office working when easing of restrictions allow. I personally find the meetings to be very productive and provide insight to Board members on the operations of LVJB.

## **11.0 Budget Report**

11.1 I note the content of the unaudited accounts for 20/21. I have provided a management commentary to the Treasurer's report. I am pleased that the accounts for 20/21 have come in on budget.

## **12.0 RECOMMENDATION**

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

**Gary Elliott**  
**INTERIM ASSESSOR & ERO**



**10.00am, Monday 14<sup>th</sup> June 2021**

## **Unaudited Annual Accounts for the Year Ended 31st March 2021**

### **1. Recommendations**

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The Board is recommended to note:

- 1.1 the Unaudited Annual Accounts for the year ended 31st March, 2021;
- 1.2 that the Audited Annual Accounts for 2020/21 will be presented to the Board on completion of the external audit;
- 1.3 due to the timing of receipt of pension information, a pension liability adjustment of £0.075m will be made in the Audited Annual Accounts. The pension liability will decrease from £8.125m to £8.050m as a result of the Board's pension fund assets and obligations figures being revised to full-year actuals. This adjustment only affects unusable reserves and does not change the general reserve balance reported in paragraph 4.7.

**Hugh Dunn,**

**Treasurer**

Contact: Iain Shaw, Principal Accountant,

Finance Division, Resources Directorate, City of Edinburgh Council

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## Unaudited Annual Accounts for the Year Ended 31st March 2021

### 2. Executive Summary

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- 2.1 This report presents the unaudited Annual Accounts for the year ended 31st March, 2021.

### 3. Background

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- 3.1 The unaudited Annual Accounts are presented in accordance with the Local Authority Accounts (Scotland) Regulations 2014, as amended by the Coronavirus (Scotland) (No.2) Act 2020, which requires that the Annual Accounts for the year 2020/21 be presented to the Board no later than 31<sup>st</sup> August 2021.

### 4. Main Report

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- 4.1 The unaudited Annual Accounts for 2020/21 have been prepared in accordance with the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS).
- 4.2 The unaudited Annual Accounts were authorised for issue on the 8th June 2021. The Statement of Responsibilities and Balance Sheet have been signed by the Treasurer.
- 4.3 The Statement of Responsibilities will be updated to reflect the Board's approval for signature of the Annual Accounts upon completion of the audit. The Board's appointed auditors, Azet Audit Services will present the Report to those charged with governance on the 2020/21 audit at the Board's meeting on the 27th October 2021. The Governance Statement and Remuneration Report included in the Annual Accounts will also require to be signed at this point.
- 4.4 The Annual Governance Statement includes details of the Governance Framework and a review of its effectiveness including the system of internal financial control. The Treasurer's opinion is that reasonable assurance can be placed on the adequacy and effectiveness of the Board's internal control system. This opinion is informed by the work of the Internal Audit, the Assessor's Certificate of Assurance on internal control and monitoring of controls by Board staff and External Audit.
- 4.5 For the year ended 31st March 2021, the Board's expenditure was incurred in-line with the budget. The Management Commentary provides details on the main reasons for budget variances between subjective group headings.

- 4.6 Due to the timing of receipt of pension information from the Board's actuary, a pension liability adjustment of £0.075m will be made in the Audited Annual Accounts. The pension liability will decrease from £8.125m to £8.050m as a result of the Board's pension fund assets and obligations figures being revised to full-year actuals. The Board were previously advised of this ongoing annual adjustment between unaudited and audited accounts. This adjustment only affects unusable reserves and will not change the general reserve balance reported in paragraph 4.7.

#### **Reserves**

- 4.7 The Board's approved reserve policy is to maintain a minimum general fund reserve of 3% of annual requisition - currently £180,000. The unaudited reserves balance at 31<sup>st</sup> March 2021 is £784,000. The Reserve balance will be reviewed when the Board is presented with a revenue budget for 2022/23 for approval in February 2022.

### **5. Background reading/external references**

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None

### **6. Appendices**

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- 6.1 Appendix 1 - Unaudited Annual Accounts for the Year Ended 31st March 2021



# LOTHIAN VALUATION JOINT BOARD

ELECTORAL REGISTRATION, VALUATION & COUNCIL TAX WITHIN LOTHIAN

## Annual Accounts for the year to 31st March 2021



COUNCIL TAX



ELECTORAL REGISTRATION



VALUATION

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**Lothian Valuation Joint Board**  
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Visit our website at : [www.lothian-vjb.gov.uk](http://www.lothian-vjb.gov.uk)

# LOTHIAN VALUATION JOINT BOARD

## CONTENTS

---

	Page
Management Commentary	1 - 4
Statement of Responsibilities for the Annual Accounts	5
<u>Annual Accounts:</u>	
1. <i>Movement in Reserves Statement for the year ended 31st March 2021</i>	6
2. <i>Comprehensive Income &amp; Expenditure Statement for the year ended 31st March 2021</i>	7
3. <i>Balance Sheet as at 31st March 2021</i>	8
4. <i>Cash Flow Statement for the year ended 31st March 2021</i>	9
Statement of Accounting Policies	10 - 15
Notes to the Annual Accounts	16 - 37
Annual Governance Statement	38 - 40
Remuneration Report	41 - 44

# LOTHIAN VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY

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### Strategic Report

#### 1. Basis of the Accounts

The Annual Accounts present the financial position and performance of the Board, for the year to 31st March 2021. The Annual Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) based Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This is to ensure that the Annual Accounts "present a true and fair view" of the financial position and transactions of the Board. The Annual Accounts have been prepared in accordance with the following fundamental accounting principles: relevance, reliability, comparability, understandability and materiality.

The accounting concepts of accruals, going-concern, and primacy of legislation requirements also apply. All figures in the Annual Accounts are rounded to thousand pounds (£'000) unless stated otherwise.

To show the net position of the Board, adjustments are made to the Comprehensive Income and Expenditure Statement (CIES) to reflect differences in the accounting basis and funding basis under regulations. These adjustments ensure that the actual resources available to the Board are correctly accounted for in the Movement in Reserves Statement. These adjustments are shown in Note 7.

#### 2. Statutory Background

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

Costs incurred by the Lothian Valuation Joint Board are apportioned in accordance with the non-domestic rateable subjects and dwellings valued for council tax within the area of each constituent authority. Expenditure is allocated 61.29% to The City of Edinburgh Council, 9.14% to Midlothian Council, 10.70% to East Lothian Council, and 18.87% to West Lothian Council.

#### 3. The Lothian Valuation Joint Board's strategy and business model

The Lothian Valuation Joint Board is a local authority organisation providing a range of services to and on behalf of City of Edinburgh, West Lothian, Midlothian, and East Lothian Councils. The services provided represent duties embedded in statute and associated case law. Specifically, they relate to the creation and maintenance of the Valuation Roll, Council Tax List and Electoral Register. The Board's strategy is to ensure best value while providing equitable, customer focused, high quality, professional valuation and electoral registration services for all its stakeholders. To support this aim, annual Corporate and Service Plans, embedded within a Governance Framework, are created that indicate a detailed range of activities and objectives necessary to deliver services. These plans are supported, where required, with detailed project governance and management, specific service delivery timetables, and associated risk analysis. The previous Corporate and Service plans for 2021/22 have been updated and consolidated into a single plan to enable improved ease of readability and understanding. This was presented to the Board at the meeting of 1st February 2021.

#### 4. Principal risks and uncertainties facing the Board.

The principal risks and uncertainties faced by the Board fall into two categories. Firstly, in common with the wider local authority community, there are uncertainties created by the ongoing environment of fiscal constraint within which services must be delivered. Set against this the Board has a range of statutory duties to enact and services to deliver. Failure to secure adequate funding places the delivery of these statutory services at considerable risk. The second phase of a Transformation Programme commenced and aimed to contain budget growth over the 2020/21 to 2022/23 period. During 2020/21 a number of staff left the Board under VERA. This coincided with organisational and procedural change to adapt to the reduction of staffing resource. The impact of Covid-19 undergoes continual assessment in terms of its impact on the Transformation Programme. Continued project oversight and governance enables appropriate adjustments to be considered and implemented as necessary.

The second category relates to changes in legislation that impact on the services to be delivered. This can create pressures from both a financial and organisational perspective. The Barclay Review of NDR has in the main been adopted by Scottish Government in the form of a national NDR Reform strategy. This has introduced the biggest changes to NDR services that have been enacted for many years. There are significant changes directly associated with the Valuation Roll function. These involve shortening the current 5-year revaluation cycle to a 3-year cycle and introducing significant alterations to the legislation which supports the Valuation Roll appeal process. Legislation which supports the Valuation Roll appeal process has yet to be passed. Primary legislation was enacted during 2020 with the principle elements due to come into force in 2022. Due to the Covid-19 pandemic the principle elements will now come into force in 2023. This has led to the delay of the next non-domestic revaluation by a year. Internal organisational timetables and proposed system developments have been reviewed to support the effective delivery of the NDR Reform agenda, taking account of the new timetable. Within the function of Electoral Registration, the cost legacy created by the introduction of Individual Electoral Registration remains an ongoing risk. During 2020 national revisions to the annual household canvass process were introduced, aimed at reducing costs while maintaining accuracy and completeness within the Register. There remains budgetary risks to the Board in respect of delivery of the Electoral Service. In terms of Council Tax, the system faces continual criticism and it is likely that further consultative processes shall emerge in the coming years concerning changes to the system. This uncertainty moving forward is a risk to the Board.

# LOTHIAN VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY

### 5. Review of the Lothian Valuation Joint Board performance 2020/21

#### 5.1 Financial Performance

The Board achieved outturn expenditure within budget for 2020/21. Variance explanations are provided below.

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

The outturn position, split between Core, including the 2021 Scottish Parliamentary Election (SPE 2021) and IER is summarised below:

	Core Expenditure and SPE			Individual Electoral Registration (IER)			Total		
	2021								
	Budget 2020/21 £'000	Actual 2020/21 £'000	Variance 2020/21 £'000	Budget 2020/21 £'000	Actual 2020/21 £'000	Variance 2020/21 £'000	Budget 2020/21 £'000	Actual 2020/21 £'000	Variance 2020/21 £'000
• Employees	5,157	4,954	(203)	1	105	104	5,158	5,059	(99)
• Property	540	485	(56)	0	0	0	540	485	(56)
• Transport and Plant	76	45	(31)	0	0	0	76	45	(31)
• Supplies and Services	750	1,248	498	108	51	(57)	858	1,299	441
• Third Party Payments	320	95	(225)	0	0	0	320	95	(225)
• Support services	67	68	1	0	0	0	67	68	1
Total gross expenditure	6,911	6,895	(15)	109	156	47	7,020	7,052	32
• Sales, fees & charges	(43)	(30)	13	0	0	0	(43)	(30)	13
• IER Grant	0	0	0	(109)	(156)	(47)	(109)	(156)	(47)
• Other grants and contributions	0	(545)	(545)	0	0	0	0	(545)	(545)
• IORB	(3)	0	3	0	0	0	(3)	0	3
Total income	(46)	(574)	(528)	(109)	(156)	(47)	(155)	(731)	(576)
• Reserve Drawdown	(657)	(113)	544	0	0	0	(657)	(113)	544
Total net expenditure	6,208	6,208	(0)	0	0	0	6,208	6,208	(0)

The principal reasons for the core budget variances are noted below:

• <u>Employees</u>	£'000
Delays in filling vacant posts, including the non-filling of an Assistant Assessor post and Transformation Programme severance costs being £48,000 less than budget, resulted in a Core budget staff cost underspend.	(203)
• <u>Property</u>	(56)
Reduced spend due to COVID-19 related home working.	
• <u>Transport costs</u>	(31)
Staff travelling costs reduced due to external survey work ceasing during pandemic.	
• <u>Supplies and Services</u>	498
During 2020/21, the Board received additional funding of £0.545m from the Scottish Government for the 2021 Scottish Parliament Election, issue of a Household Notification letter and the extension of the electoral franchise to foreign national voters. The additional funding resulted in - and fully met - additional spend on Supplies - particularly ICT and postage costs (see Income below).	
• <u>Third Party Payments and Support Services</u>	(224)
Budget provision for Barclay activities, but cost spent against supplies and services. Minor overspend against Assessor Services budget caused by additional external contractor costs (e.g. COVID related cleaning costs).	
• <u>Income</u>	(528)
The Board received additional funding of £0.545m from the Scottish Government for (1) the 2021 Scottish Parliament Election (£0.311m), (2) issue of a Household Notification letter (£0.132m) and (3) the extension of the electoral franchise to foreign national voters (£0.102m) (see Supplies and Services above).	
• <u>Reserve Drawdown</u>	544
The approved revenue budget for 2020/21 included a planned drawdown of reserves of £0.657m to meet Transformation Programme severance costs (£0.468m) and running costs (£0.189m). Due to the underspends and additional funding received during 2020/21, as referred to above, only £0.113m requires to be drawn down from Reserve to achieve a balanced budget in 2020/21. The reduction of £0.544m in Reserve drawdown will be retained as part of the Board's Unallocated Reserve.	
<b>Total net expenditure</b>	<b>(0)</b>

# LOTHIAN VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY

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### 5. Review of the Lothian Valuation Joint Board performance 2020/21 (Contd.)

In accordance with paragraph 8 of the Valuation Joint Boards (Scotland) Order 1995, all under spending of the Board is retained in the form of a usable reserve. The usable reserve balance at 31st March 2021 is £0.784m.

#### 5.2 Overview of performance targets in 2020/21

During 2020/21 the Covid-19 pandemic had a material effect on the Boards performance as defined by its Key Performance Indicators. The principal of these show that 84.90% (91.21% 2019/20; 93.75% 2018/19; 95.93% 2017/18; 93.86% 2016/17) of all new houses were entered onto the Council Tax List within three months following occupation and that 53.42% (67.39% 2019/20; 57.86% 2018/19; 63.10% 2017/18; 47.15% 2016/17) of all Valuation Roll amendments were made within three months following completion. During 2020/21 4,443 new houses were added to the Council Tax list while 2,561 amendments were made to the Valuation Roll.

Following the 2017 Revaluation 13,000 appeals were lodged against rateable values appearing in the new Roll. As at 19th May 2021 93.8% of these appeals had been dealt with. The statutory deadline for disposal of all appeals is 31st December 2021.

The Electoral Register was maintained throughout 2020/21 with 85,819 electors added and 72,425 deleted. The 2020 household canvass, which was based on the new canvass model, achieved a return rate of 85.61%, (74.2% 2019; 75% 2018; 74% 2017; 70% 2016).

The electorate statistics as at 28th April 2021 present a snapshot. As at 28th April 2021 707,773; April 2020 698,145; April 2019 662,308, April 2018 659,519; March 2017 657,858; April 2016 650,531; February 2015 660,030; March 2014 639,401.

### 6. The main trends and factors likely to affect the future development and performance

The main trends and factors likely to affect the development and performance of the Board are those that influence the future direction of service provision. This direction is driven by legislative changes enacted, new case law and formal reviews. This creates uncertainty and is amplified when placed within the current environment of fiscal constraint that all local authority bodies are facing. Changes to the Electoral Registration process, the NDR Reform agenda, and the possibility of further review of Council Tax alternatives are all examples of organisational and service delivery challenges. The Transformation and Cultural Change Programme (TCCP) continues through 2021/22 with key operational objectives coming online. These include moving to an IT driven mobile survey system for Council Tax, the completion of process and procedural changes to maximise the benefit of the implementation of the Valuation Services Team and the development of a Basic Rates Evaluation programme. These are all aimed at positioning the Board within a positive forward-looking environment where challenges set against fiscal constraint can be properly met. The second phase of this TCCP is aimed at constraining budget growth during the 2021/22 to 2023/24 period. This phase aims to create organisational savings while establishing increased modernisation, process efficiencies, and cultural change. However, any fiscal saving and drive for modernisation must be set against the requirement for the Board to deliver its statutory duties and services to a high standard and to be properly positioned to undertake any further legislative changes that shape and form future service. In general, the picture is one of competing priorities:- fiscal constraint and the need for savings and a change and modernisation strategy aimed at supporting changing legislative requirement within which services are delivered. While it is unlikely that the emergence of Covid-19 shall derail any of the expected changes to statutory service delivery requirements, it is possible certain details may be reviewed and the likely manner in which the organisation and its staff operate shall be subject to review and change. A full risk assessment has been undertaken with appropriate mitigation action taken where necessary. External survey activities have restarted but with restrictions in place. Currently no internal inspection of properties is being carried out. A draft working from home policy has been created, looking at a phased return to office working as and when it is safe to do so. It should be noted that Scottish Government guidance is that people should work from home in every tier level apart from Tier 0. A staff questionnaire is to be issued shortly to enable plans to be put in place and managed properly when a phased return to office working is appropriate.

The Board faces a number of challenges looking ahead. Potential financial pressures include:

- The Scottish Government has adopted the main recommendations contained within the 2017 Barclay Review of NDR into an NDR strategy. This strategy has far reaching consequences for the Board. In particular the long standing five yearly process of revaluation shall be condensed into a three-yearly cycle. This, and other associated legislative changes, have required that the NDR business model currently in operation within the Board be reviewed and overhauled in order to meet this new statutory requirement. While the first revaluation under these three yearly cycles shall now take place in 2023, planning, timetabling and systems developments have already commenced. The appeal timetable for the 2017 Revaluation has been extended to 31st December 2021. Covid -19 and its impact on the NDR Reform Agenda is continuously being assessed and while the overall objectives of the agenda shall be unaltered, certain key dates have been reviewed. Corresponding internal timetables and associated planning have been reviewed to reflect these changes. An appropriate risk register shall be compiled with corresponding mitigation action to reflect this change circumstance. It should be noted that additional funding has been made available by Scottish Government within the Local Government Finance Settlement to support the introduction of the NDR Reform agenda. In respect of the Council Tax function, considerable uncertainty remains surrounding its ongoing viability as a taxation system, without major overhaul. Until further consultation on possible changes or alternative approaches takes place, the future of Council Tax and the implications that arise remain a risk to the Board.



# LOTHIAN VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY

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### 6. The main trends and factors likely to affect the future development and performance (Contd.)

- A new canvass model was introduced during 2020, in part to negate the high costs of IER (Individual Electoral Registration). Though the first year of this new canvass model has been successful, with an increased return rate and a significant reduction in the necessity to issue paper returns, it will only be in subsequent years where the full cost savings will become known. Cabinet Office funding was made available in 2020/21, albeit at a significantly reduced level and further funding, albeit reduced further, is available for 2021/22. There remains a financial risk to the Board from the introduction of IER.
- The 2017 Revaluation gave rise to receipt of 13,000 appeals - the highest ever following a revaluation exercise. 2021 is the final year in which these appeals must be concluded, following a change to the disposal timetable. Disposal scheduling is in place to ensure this will be achieved. The current disposal level is 93.8%. During the Covid pandemic, the disposal schedule has been significantly reduced. This has impacted on the deployment of resources within the organisation, with some impact on other areas of service delivery. In addition, the emergence of Covid-19 resulted in the receipt of circa 10,000 additional appeals during March 2020. Based on the current timetable, these shall require to be disposed of by 31st December 2021. A further 7,000 appeals were lodged in March 2021, with a current disposal date of March 2022. Nationally, progress with resolution of these appeals has been slow to date. It may be that a further extension to the appeal disposal date will be required. ☒

### 7. COVID-19 pandemic

As the challenges and restrictions of the COVID-19 pandemic have continued to impact working conditions in 2020/21, most staff have continued to work from home throughout the year. Access to the office buildings at South Gyle has been on a strictly limited basis (e.g. to access essential paper files) to ensure that a high level of service delivery across all statutory functions was being maintained. An exception to this was during the recent Scottish Parliamentary Elections, where a larger number of staff were based at South Gyle offices to perform election duties. Throughout the year, stakeholder and public access to the organisation via email and telephone has been maintained. As a result, service delivery has only been restricted where the flow of necessary information from third parties has been disrupted, or where a physical inspection of properties was required. A COVID-19 office reopening risk assessment has been written, focusing on any areas where a resumption of "normal" service is not possible, with options for alternative approaches identified. This document undergoes regular review in accordance with any Scottish Government updates or other factors which may affect service resumption. This is available to view on the LVJB website.

As working from home arrangements continue, a high level of communication amongst all staff is being maintained. All staff now have remote access to organisational IT systems, and have been provided with office-issued IT hardware. A two-factor authentication process has been introduced to increase the security of IT systems. In anticipation of a future phased-return to office working, a Working from Home policy has been drafted, which currently assumes that a return will be on a blended basis. A questionnaire and workstation assessment is to be issued to staff in the near future, enquiring about their preferred working patterns, as well as any requirements for additional IT equipment. There is also a planned review of the flexitime system, in conjunction with staff representatives and a new Performance and Training framework is currently under discussion, to be introduced and implemented, in due course. Health and wellbeing of staff during the past year has been paramount, and considerable additional information has been made available to staff through regular updates on the internal staff intranet. Staff have been issued a Well Being questionnaire and analysis of the results will be undertaken, with procedures put in place to mitigate issues that have been identified.

At this stage, it is not possible to forecast long term budgetary impacts arising from COVID-19. To date, only minor costs have been incurred for additional IT equipment to support home working, which have been offset by reduced expenditure in other areas (e.g. staff travel expenses).

The Board acknowledges the financial pressures, service delivery challenges and uncertainties it faces. There exists a need to meet these challenges and provide the required services within a framework of financial sustainability while also ensuring sufficient flexibility to react to changes brought about by legislative intervention. Through the Transformation Programme, and in association with developing the medium-term Budget Strategy, the Board shall continue to balance these competing priorities, pressures and risks against a backdrop of statutory service delivery. ☒

# LOTHIAN VALUATION JOINT BOARD

## STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

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### The Board's Responsibilities

The Board is required:

- to make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Board has the responsibility for the administration of those affairs. In this Board, that officer is the Treasurer;
- to manage its affairs to secure economic, efficient and effective use of those resources and safeguard its assets;
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

### The Treasurer's Responsibilities

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

In preparing the Annual Accounts, the Treasurer has:

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

The Treasurer has also:

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

### The Annual Accounts

The Annual Accounts present a true and fair view of the financial position of the Board as at 31st March 2021, and its income and expenditure for the year ended 31st March 2021.

**Treasurer:**  
Hugh Dunn, CPFA

**Date:** 8th June 2021

## LOTHIAN VALUATION JOINT BOARD

### MOVEMENT IN RESERVES STATEMENT

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

2019/20 - Previous Year Comparative	Usable Reserves	Unusable Reserves	Total Board Reserves
	General Fund Balance		
	£'000	£'000	£'000
Opening Balances at 1 April 2019	(897)	8,606	7,709
<b>Movement in reserves during 2019/20</b>			
(Surplus) or deficit on provision of services	478	0	478
Other Comprehensive Expenditure and Income	0	(3,185)	(3,185)
<b>Total Comprehensive Income and Expenditure</b>	<b>478</b>	<b>(3,185)</b>	<b>(2,707)</b>
Adjustments between accounting basis & funding basis under regulations (Note 7.2)	(478)	478	0
Net (increase)/decrease before transfers to Other Statutory Reserves	0	(2,707)	(2,707)
(Increase)/Decrease in 2019/20	0	(2,707)	(2,707)
Balance at 31 March 2020 carried forward	(897)	5,899	5,002

2020/21 - Current Financial Year	Usable Reserves	Unusable Reserves	Total Board Reserves
	General Fund Balance		
	£'000	£'000	£'000
Opening Balances at 1 April 2020	(897)	5,899	5,002
<b>Movement in reserves during 2020/21</b>			
(Surplus) or deficit on provision of services	645	0	645
Other Comprehensive Expenditure and Income	0	1,495	1,495
<b>Total Comprehensive Income and Expenditure</b>	<b>645</b>	<b>1,495</b>	<b>2,140</b>
Adjustments between accounting basis & funding basis under regulations (Note 7.1)	(532)	532	0
Net (increase)/decrease before transfers to Other Statutory Reserves	113	2,027	2,140
(Increase)/Decrease in 2020/21	113	2,027	2,140
Balance at 31 March 2021 carried forward	(784)	7,926	7,142

General Fund analysed over:	£'000
Amounts earmarked	0
Amounts uncommitted	(784)
<b>Total General Fund Balance at 31 March 2021</b>	<b>(784)</b>

# LOTHIAN VALUATION JOINT BOARD

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2019/20				2020/21		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
6,280	(37)	6,243	Core budget	7,274	(574)	6,700
340	(316)	24	Individual electoral registration	165	(156)	9
<b>6,620</b>	<b>(353)</b>	<b>6,267</b>	<b>Cost Of Services</b>	<b>7,439</b>	<b>(731)</b>	<b>6,708</b>
			<b>Financing and Investment Income:</b>			
0	(9)	(9)	Interest & Investment income (Note 10.5)	0	0	0
1,603	0	1,603	Interest Cost on Defined Benefit Obligation (Note 21.5)	1,408	0	1,408
0	(1,382)	(1,382)	Interest Income on Plan Assets (Note 21.4)	0	(1,263)	(1,263)
<b>1,603</b>	<b>(1,391)</b>	<b>212</b>	<b>Total Financing and Investment Income</b>	<b>1,408</b>	<b>(1,263)</b>	<b>145</b>
			<b>Non-Specific Grant Income:</b>			
0	(6,001)	(6,001)	Constituent council requisitions (Note 25)	0	(6,208)	(6,208)
<b>0</b>	<b>(6,001)</b>	<b>(6,001)</b>	<b>Total Non-Specific Grant Income</b>	<b>0</b>	<b>(6,208)</b>	<b>(6,208)</b>
<b>8,223</b>	<b>(7,745)</b>	<b>478</b>	<b>(Surplus) or Deficit on Provision of Services (Note 2)</b>	<b>8,847</b>	<b>(8,202)</b>	<b>645</b>
			<b>Other Comprehensive Income and Expenditure:</b>			
0	(6,684)	(6,684)	Change in Financial Assumptions (Note 21.5)	12,374	0	12,374
0	0	0	Change in Demographic Assumptions (Note 21.5)	0	(3,100)	(3,100)
0	(294)	(294)	Other Experience (Note 21.5)	0	(139)	(139)
3,793	0	3,793	Return on pension assets excl. amounts included in net int. (Note 21.4)	0	(7,640)	(7,640)
<b>12,016</b>	<b>(14,723)</b>	<b>(2,707)</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>21,221</b>	<b>(19,081)</b>	<b>2,140</b>

## LOTHIAN VALUATION JOINT BOARD

### BALANCE SHEET

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

31 March 2020 £'000		Notes	31 March 2021 £'000
268	Property, plant and equipment	8.1	328
43	Intangible assets	9	40
68	Long-term debtors	23	62
379	<b>Long term assets</b>		430
125	Short-term debtors	11	145
1,492	Cash and cash equivalents	12	1,750
1,617	<b>Current assets</b>		1,895
(459)	Short-term creditors	13	(958)
(459)	<b>Current liabilities</b>		(958)
(420)	Other long-term liabilities	24	(385)
(6,119)	Other long-term liabilities (Pensions)	21.3	(8,125)
(6,539)	<b>Long-term liabilities</b>		(8,510)
(5,002)	<b>Net liabilities</b>		(7,142)
(897)	Usable reserves	14	(784)
5,899	Unusable reserves	14	7,926
5,002	<b>Total reserves</b>		7,142

The unaudited Annual Accounts were authorised for issue by the Treasurer on the **8th June 2021**.

Treasurer:  
Hugh Dunn, CPFA

Date: 8th June 2021

## LOTHIAN VALUATION JOINT BOARD

### CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Board during the reporting period. The statement shows how the Board generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flow arising from operating activities is a key indicator of the extent to which the operations of the Board are funded by way of requisitions and recipients of services provided by the Board. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Board's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows.

31 March 2020 £'000	31 March 2020 £'000		31 March 2021 £'000	31 March 2021 £'000
<b>OPERATING ACTIVITIES</b>				
(357)		Cash received for goods and services	(186)	
0		Government grants	(413)	
(1)		Other local authorities	(137)	
(9)		Interest received	0	
(6,001)		Other operating cash receipts	(6,208)	
	<b>(6,368)</b>	<b>Cash inflows generated from operating activities</b>		<b>(6,944)</b>
4,732		Cash paid to and on behalf of employees	4,852	
1,826		Cash paid to suppliers of goods and services	1,704	
	<b>6,558</b>	<b>Cash outflows generated from operating activities</b>		<b>6,556</b>
	<b>190</b>	<b>Net cash flows from operating activities (Note 15.1)</b>		<b>(388)</b>
<b>INVESTING ACTIVITIES</b>				
33		Purchase of property, plant and equipment and intangible assets.	130	
	<b>33</b>	<b>Net cash flows from investing activities</b>		<b>130</b>
	<b>223</b>	<b>Net (increase)/decrease in cash and cash equivalents (Note 15.2)</b>		<b>(258)</b>
<b>1st April £'000</b>	<b>1st April £'000</b>		<b>1st April £'000</b>	<b>1st April £'000</b>
1,715		Cash and cash equivalents	1,492	
	1,715			1,492
<b>31st March</b>			<b>31st March</b>	
1,492		Cash and cash equivalents	1,750	
	1,492			1,750
	<b>223</b>	<b>Net (increase)/decrease in cash and cash equivalents (Note 15.2)</b>		<b>(258)</b>

# LOTHIAN VALUATION JOINT BOARD

## 1. STATEMENT OF ACCOUNTING POLICIES

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### 1.1 General

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

The Annual Accounts have been prepared on an historic cost basis, modified by the valuation of pension assets and liabilities where appropriate.

### 1.2 Accruals of Expenditure and Income

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

### 1.3 Cash and Cash Equivalents

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

### 1.4 Changes in Accounting Policies, Estimates and Errors

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

### 1.5 Revenue Expenditure

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

- employees;
- day-to-day operating expenses, includes costs incurred in respect of Transport, Premises, ICT, postage and general administration.

All revenue expenditure is accounted for on an accruals basis.

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

### 1.6 Capital Expenditure

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

# LOTHIAN VALUATION JOINT BOARD

## 1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

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### 1.7 Short Term Debtors and Short Term Creditors

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

### 1.8 Value Added Tax

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

### 1.9 Non-Current Assets

#### a) *Intangible Assets*

##### **Recognition:**

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

##### **Amortisation:**

- Software licences classified as intangible assets. In most cases intangible assets are depreciated over the period of the licence, however, where the period of the licence is deemed 'infinite' the software has been depreciated based on an assessment of expected useful life.
- The amortisation policy at 31st March 2017 was not to provide for amortisation in the year of an asset's purchase. This has been amended from 1st April 2017 when amortisation has been provided for in the year of acquisition.
- Amortisation is calculated using the straight-line basis on the opening book value over the remaining useful life of the asset;

##### **Measurement:**

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

#### b) *Property, Plant and Equipment*

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

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

##### **Recognition:**

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

##### **Amortisation:**

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

- No amortisation is charged on freehold land;
- The amortisation policy at 31st March 2017 was not to provide for amortisation in the year of an asset's purchase. This has been amended from 1st April 2017 when amortisation has been provided for in the year of acquisition.
- Amortisation is calculated using the straight-line basis on the opening book value over the remaining useful life of the asset;



# LOTHIAN VALUATION JOINT BOARD

## 1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

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### 1.9 Non-Current Assets (Contd.)

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

##### Depreciation (Contd.):

- Non-current assets are depreciated as follows:

Asset	Years
Property (Leasehold improvements) - 25 years (currently 11 years remaining) Depreciated over remaining life of asset	11
Vehicles, plant and equipment	5

##### Measurement:

Property, plant and equipment, and leasehold improvements are measured at depreciated historic cost, this been a proxy for fair value in line with the Code.

##### De-recognition:

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

##### Impairment:

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired, that is, that the carrying value of an asset on the Balance sheet exceeds its recoverable amount. Where indications exist and any possible differences are material, the recoverable amount is estimated and an impairment loss is recognised for the shortfall.

### 1.10 Overheads and Support Services

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

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

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

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

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

# LOTHIAN VALUATION JOINT BOARD

## 1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

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### 1.12 Leases

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

#### a) Finance Leases

##### *Leased-in assets*

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

##### *Leased-out assets*

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

#### b) Operating Leases

##### *Leased-in assets*

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

##### *Leased-out assets*

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

### 1.13 Provisions

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

### 1.14 Contingent Liability

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

### 1.15 Contingent Assets

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

### 1.16 Employee Benefits

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

## LOTHIAN VALUATION JOINT BOARD

### 1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

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#### 1.17 Termination Benefits

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

#### 1.18 Pensions

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

The Annual Accounts have been prepared including pension costs, as determined under International Accounting standard 19 - Employee Benefits (IAS 19). The cost of service in the Comprehensive Income and Expenditure Statement includes expenditure equivalent to the amounts of retirement benefits the Board has committed to pay during the year. Interest Cost on Defined Pension Obligation and Interest Income on Plan Assets have been included in the "Surplus or Deficit on the Provision of Services" within the Comprehensive Income and Expenditure Statement. Other comprehensive income and expenditure within the Comprehensive Income and Expenditure Statement also now shows the financial effect of changes in financial assumptions, other experience and return on pension assets excluding amounts included in net interest.

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

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

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

#### 1.19 Revenue Contributions

Revenue contributions from constituent councils have been included in the Annual Accounts on an accruals basis.

#### 1.20 Reserves

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

The Board operates the following usable reserves:

**a) General Fund**

This represents the balance of the surpluses or deficits arising from the Comprehensive Income and Expenditure Statement. The Board changed its accounting policy in relation to unspent requisitions during 2015/16. In February 2018 the Board approved 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.

The Board operates the following unusable reserves:

**b) Capital Adjustment Account**

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

**c) Pension Reserve**

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

**d) Accumulated Absences Account**

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

## LOTHIAN VALUATION JOINT BOARD

### 1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

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#### 1.21 Financial Instruments

##### a) *Financial Liabilities*

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. As at 31st March 2021, the Board had no borrowings.

##### b) *Financial Assets*

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

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

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

#### 1.22 Events After the Balance Sheet Date

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

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

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

#### 1.23 Exceptional Items

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

#### 1.24 Going Concern

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

## LOTHIAN VALUATION JOINT BOARD

### 2. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (requisitions from local authorities) by the Lothian Valuation Joint Board in comparison with those resources consumed or earned by the Lothian Valuation Joint Board in accordance with general accounting practice. It also shows how this expenditure is allocated for decision making purposes between service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES) (see page 7).

EXPENDITURE AND FUNDING ANALYSIS						
Net Expend. Chargeable to the General Fund	2019/20		Net Expenditure in the CIES	Net Expend. Chargeable to the General Fund	2020/21	
	Adjustments	Net Expenditure in the CIES			Adjustments	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
6,001	242	6,243	Core Budget	6,321	378	6,700
0	24	24	Individual Electoral Registration	0	9	9
<b>6,001</b>	<b>266</b>	<b>6,267</b>	<b>Net Cost of Services</b>	<b>6,321</b>	<b>387</b>	<b>6,708</b>
			<b>Other Income and Expenditure</b>			
(6,001)	0	(6,001)	Constituent council requisitions	(6,208)	0	(6,208)
0	(9)	(9)	Interest and investment income	0	0	0
0	221	221	Net pension interest cost	0	145	145
<b>0</b>	<b>478</b>	<b>478</b>	<b>(Surplus) or deficit on the provision of services</b>	<b>113</b>	<b>532</b>	<b>645</b>
(897)			Opening General Fund Balance	(897)		
0			(Surplus) / Deficit on the provision of services	113		
<b>(897)</b>			<b>Closing General Fund Balance at 31 March</b>	<b>(784)</b>		

#### Notes to the Expenditure and Funding Analysis:

##### 2.1 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2020/21:

	Adjusts. For Capital Purposes	Net Change for Pensions	Adjusts.	Other Differences	Total Statutory Adjusts.	Presentation Adjusts.	Total Adjusts.
	£000	£000	£000	£000	£000	£000	£000
Core budget	(58)	357	79	378	0	378	
Individual electoral registration	0	9	0	9	0	9	
<b>Net Cost of Services</b>	<b>(58)</b>	<b>366</b>	<b>79</b>	<b>387</b>	<b>0</b>	<b>387</b>	
<b>Other Income and Expenditure</b>							
Constituent council requisitions	0	0	0	0	0	0	
Interest and investment income	0	0	0	0	0	0	
Net pension interest cost	0	145	0	145	0	145	
<b>(Surplus) or deficit on the provision of services</b>	<b>(58)</b>	<b>511</b>	<b>79</b>	<b>532</b>	<b>0</b>	<b>532</b>	

## LOTHIAN VALUATION JOINT BOARD

### 2. EXPENDITURE AND FUNDING ANALYSIS (Contd.)

#### Notes to the Expenditure and Funding Analysis:

#### 2.1 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

- Adjustments for capital purposes include the removal of depreciation and impairment costs, and the inclusion of capital funded from current revenue.
- Net changes for pensions adjustment relates to the adjustment made for the removal of IAS19 Employee Benefits pension related expenditure and income with the pension contributions.
- Other differences relate to the reversal of the value of entitlement to accrued leave.
- Presentational adjustments relate primarily to the presentation of interest on revenue balances.

#### 2.2 Segmental Analysis of Expenditure and Income included in Expenditure and Funding Analysis

Expenditure and Income received on a segmental basis is analysed below:

	Core Budget	Individual Electoral Registration	Total
	£000	£000	£000
<b>Expenditure</b>			
Employee expenses	4,954	105	5,059
Other service expenses	1,874	51	1,925
Support service recharges	68	0	68
<b>Total Expenditure</b>	<b>6,896</b>	<b>156</b>	<b>7,052</b>
<b>Income</b>			
Revenues from external customers	(443)	(156)	(599)
Income from recharges for services	(132)	0	(132)
Interest and investment income	0	0	0
<b>Total Income</b>	<b>(575)</b>	<b>(156)</b>	<b>(731)</b>
<b>Net Cost of Services per EFA</b>	<b>6,321</b>	<b>0</b>	<b>6,321</b>

#### 2.3 Expenditure and Income Analysed by Nature

The Board's expenditure and income, as set out within the Comprehensive Income and Expenditure Statement is analysed as follows:

	2019/20	2020/21
	£000	£000
<b>Expenditure</b>		
Employee expenses	4,837	5,504
Other service expenses	1,631	1,795
Support service recharges	68	68
Depreciation and impairment	84	72
Interest payments	1,603	1,408
<b>Total Expenditure</b>	<b>8,223</b>	<b>8,847</b>
<b>Income</b>		
Fees, charges and other service income	(353)	(317)
Government grants and other contributions	0	(413)
Interest and investment income	(1,391)	(1,264)
Income from constituent Councils	(6,001)	(6,208)
<b>Total Income</b>	<b>(7,745)</b>	<b>(8,202)</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>478</b>	<b>645</b>

## LOTHIAN VALUATION JOINT BOARD

### 3. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

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The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2020/21 Code. For 2020/21 the following accounting policy changes that need to be reported relate to:

- Definition of a Business: Amendments to IFRS 3 Business Combinations,
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7 and
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The Code does not anticipate that the other amendments will have a material impact on the information provided in the Board's Annual Accounts.

### 4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- There is high degree of uncertainty about future levels of funding for local government, however, the Board has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Board might be impaired as a result of a need to reduce levels of service provision.
- Local Government Pension Scheme - Guaranteed minimum pension (GMP). The interim solution to avoid inequalities between men and women's benefits following the introduction of the Single State Pension in 2016 resulted in a recalculation of pension liabilities for the estimated impact of GMP indexation changes. The Board's actuary's understanding is that the further Lloyd's ruling is unlikely to have a significant impact on the pension obligations of a typical employer. As the historic individual member data required to assess an impact is not readily available, the Board's actuary has not made any allowance for this within the pension liability calculation.
- Local Government Pension Scheme (LGPS) - McCloud judgement. An allowance for the estimated impact of the McCloud judgement was included within the 31 March 2020 valuation position. The impact was calculated based on the eligibility criteria of being included within the proposed solution for the McCloud judgement (i.e. any active member who was a participant in the Fund as at 1 April 2012 will be given the greater of the final salary pension or CARE pension upon retirement). The McCloud allowance is therefore included in the 31 March 2021 pension liability.
- The Goodwin case judgement, in respect of deemed discrimination in spousal transfer on death of a member, may also result in the potential increasing of the pension liabilities. Whilst there is still uncertainty surrounding the potential remedy to the Goodwin judgement, the Board's actuary has undertaken analysis to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits. The approximate impact of this is very small for a typical Fund (c0.1-0.2% of obligations). The Board's actuary does not believe there are sufficient grounds to apply an additional adjustment to account for this.
- The Walker and O'Brien court cases may impact on future LGPS benefits. The Board's actuary understands these are unlikely to be significant judgements in terms of impact on the pension obligations of a typical employer. As a result, and until further guidance is released from the relevant governing bodies in the LGPS, no allowance has been made for the potential remedies for these judgements.

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

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

#### 5.1 Property, Plant and Equipment

##### *Uncertainties*

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

##### *Effect if Actual Result Differs from Assumptions*

If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge would increase by £0.001m for every year that useful lives had to be reduced.

## LOTHIAN VALUATION JOINT BOARD

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

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#### 5.2 Pension Liabilities

##### *Uncertainties*

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Board with expert advice about the assumptions to be applied.

##### *Effect if Actual Result Differs from Assumptions*

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data, for cash contribution setting purposes. For all LGPS Funds, investment returns have been significantly greater than expected compared to last year's accounting date assumption. However, the discount rate net of inflation has fallen compared to last year's accounting date assumption which has served to significantly increase the value placed on the obligations and worsen the balance sheet position. This is due to the combination of a lower discount rate assumption and a significantly higher CPI assumption. For a typical employer, this could be of the order of 25% of obligations and are shown under 'Changes in financial assumptions'.

Under accounting guidance, employers are expected to disclose the sensitivity of the valuation to key assumptions.

The costs of a pension arrangement require estimates regarding future experience. The financial assumptions used for reporting under the Accounting Standard are the responsibility of the Employer. These assumptions are largely prescribed at any point and reflect market conditions at the reporting date. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase of salaries, deferred pension revaluation or pensions in payment), can have a significant effect on the value of the liabilities reported.

A reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. A rise in the net discount rate will have an opposite effect of similar magnitude.

There is also uncertainty around life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in payment.

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

	Approximate % increase to Employer Obligations %	Approximate monetary value £000
0.5% decrease in Real Discount Rate	9%	6,656
0.5% increase in the Salary Increase Rate	1%	911
0.5% increase in the Pension Increase Rate	8%	5,584

### 6. EVENTS AFTER THE REPORTING PERIOD

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There are no events after the reporting period.



## LOTHIAN VALUATION JOINT BOARD

### 7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2020/21 - Current Financial Year	Usable Reserves	Unusable Reserves			
	General Fund Balance	Capital Adjustment Account	Pension Reserve	Accumulated Absence Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account</b>					
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>					
Charges for depreciation and impairment of non-current assets	(55)	55	0	0	55
Depreciation of intangible assets	(18)	18	0	0	18
<b>Insertion of items not debited or credited to the CIES</b>					
Capital expenditure charged against General Fund Balance	130	(130)	0	0	(130)
<b>Adjustments primarily involving the Pensions Reserve</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	(1,445)	0	1,445	0	1,445
Employer's pension contributions and direct payments to pensioners payable in the year	934	0	(934)	0	(934)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account</b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(79)	0	0	79	79
<b>Total Adjustments</b>	<b>(532)</b>	<b>(57)</b>	<b>511</b>	<b>79</b>	<b>532</b>

## LOTHIAN VALUATION JOINT BOARD

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

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

2019/20 - Previous Year Comparative	Usable Reserves	Unusable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Adjustment Account	Pension Reserve	Accumulated Absence Account	
	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account</b>					
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>					
Charges for depreciation and impairment of non-current assets	(64)	64	0	0	64
Depreciation of intangible assets	(20)	20	0	0	20
<b>Insertion of items not debited or credited to the CIES</b>					
Capital expenditure charged against General Fund Balance	34	(34)	0	0	(34)
<b>Adjustments primarily involving the Pensions Reserve</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	(1,225)	0	1,225	0	1,225
Employer's pension contributions and direct payments to pensioners payable in the year	805	0	(805)	0	(805)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account</b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(8)	0	0	8	8
<b>Total Adjustments</b>	<b>(478)</b>	<b>50</b>	<b>420</b>	<b>8</b>	<b>478</b>

## LOTHIAN VALUATION JOINT BOARD

### 8. PROPERTY PLANT AND EQUIPMENT

#### Movements on balances:

8.1 <u>Current Year Movements in 2020/21</u>	Leasehold Improvements £000's	Vehicles Plant and Equipment £000's	Total Property Plant and Equipment £000's
<b>Cost or Valuation</b>			
At 1st April 2020	432	236	668
Impairment	0	(9)	(9)
Derecognised assets GBV reversal	0	(124)	(124)
Additions	0	115	115
At 31st March 2021	432	218	650
<b>Accumulated Depreciation</b>			
At 1st April 2020	(220)	(180)	(400)
Derecognised assets depreciation reversal	0	124	124
Depreciation charge	(18)	(31)	(49)
Impairment	0	3	3
At 31st March 2021	(238)	(84)	(322)
<b>Net Book Value at 31st March 2021</b>	<b>194</b>	<b>134</b>	<b>328</b>

8.2 <u>Previous Year Movements in 2019/20</u>	Leasehold Improvements £000's	Vehicles Plant and Equipment £000's	Total Property Plant and Equipment £000's
<b>Cost or Valuation</b>			
At 1st April 2019	432	288	720
Derecognised assets GBV reversal	0	(80)	(80)
Additions	0	28	28
At 31st March 2020	432	236	668
<b>Accumulated Depreciation</b>			
At 1st April 2019	(202)	(214)	(416)
Derecognised assets depreciation reversal	0	80	80
Depreciation charge	(18)	(46)	(64)
At 31st March 2020	(220)	(180)	(400)
<b>Net Book Value at 31st March 2020</b>	<b>212</b>	<b>56</b>	<b>268</b>

#### 8.3 Depreciation

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

- Leasehold improvements (buildings) - 25 years (currently 11 years remaining)
- Vehicles, plant and equipment - 5 years

## LOTHIAN VALUATION JOINT BOARD

### 8. PROPERTY PLANT AND EQUIPMENT (Contd.)

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#### 8.4 Capital Commitments

There were no capital commitments entered into by the Board as at 31st March 2021.

#### 8.5 Revaluations

Property, plant and equipment are shown in the balance sheet at depreciated historic cost. This does not comply with the Code, however, the difference is not considered material.

The significant assumptions applied in estimating the fair values are:

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

## LOTHIAN VALUATION JOINT BOARD

### 9. INTANGIBLE ASSETS

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

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

- 3 years:
- Trustmarque Solutions Ltd - Anti-virus software
  - Unity - Pro Support 4HR/MC
- 5 years:
- Civica UK Ltd - Software to increase robustness
  - Trustmarque Solutions Ltd - Sharepoint software
  - Zerion - Canvass operation software
  - Trustmarque Solutions Ltd - Visual Studio and SQL server licences
  - FMP HR and Payroll Software Limited - Software
- 10 years :
- Dacoll virtual environment - software/licences
  - Microsoft Office licences
  - Document & Data Disposal Module software

The carrying amount of intangible assets is depreciated on a straight-line basis. Amortisation of £0.018m was charged to the Comprehensive Income and Expenditure during 2020/21.

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

	2019/20	2020/21
	£'000	£'000
Balance at start of year:		
• Gross carrying amounts	152	157
• Accumulated amortisation	(94)	(114)
<b>Net carrying amount at start of year</b>	<b>58</b>	<b>43</b>
Additions	5	15
Amortisation for the period	(20)	(18)
<b>Net carrying amount at end of year</b>	<b>43</b>	<b>40</b>
Comprising:		
• Gross carrying amounts	157	172
• Accumulated amortisation	(114)	(132)
	43	40

## LOTHIAN VALUATION JOINT BOARD

### 10. FINANCIAL INSTRUMENTS

10.1 In accordance with IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures and IAS 32 Financial Instruments: Presentation; this note details the make up of financial instruments, both assets and liabilities, the key risks the Board is exposed to in its management of its financial instruments, and how these are managed. From 1st April 2012, the Board changed its Accounting Policy in respect of the transfer of assets to comply with amendments to IFRS 7 issued in October 2010. The standard does not have a material impact on the Annual Accounts of the Board.

#### 10.2 Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to government grants, do not give rise to financial instruments.

##### Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Board and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Board.

**The Board's financial liabilities held during the year are measured at amortised cost and comprised:**

- Trade payables for goods and services received.

##### Financial Assets

A financial asset is a right to future economic benefits controlled by the Board that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Board. The financial assets held by the Board during the year are accounted for under the following classifications:

Amortised cost comprising:

- Cash in hand,
- Cash and cash equivalents (Loans and receivables). The Board 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.
- Trade receivables for goods and services provided.

#### 10.3 Financial Instruments - Balances

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories

	Non-Current		Current	
	31st March 2020	31st March 2021	31st March 2020	31st March 2021
	£'000	£'000	£'000	£'000
<b>Financial Liabilities</b>				
Trade creditors	0	0	0	0

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

	Non-Current		Current	
	31st March 2020	31st March 2021	31st March 2020	31st March 2021
	£'000	£'000	£'000	£'000
<b>Cash and Cash Equivalents</b>				
Loans and receivables	0	0	1,492	1,750
<b>Debtors</b>				
Trade debtors	0	0	0	0

The debtors lines on the Balance Sheet includes no short-term or long-term debtors.

#### 10.4 Financial Instruments - Fair Values

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2021, using the following methods and assumptions:

## LOTHIAN VALUATION JOINT BOARD

### 10. FINANCIAL INSTRUMENTS (Contd.)

#### 10.4 Financial Instruments - Fair Values (Contd.)

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2021, using the following methods and assumptions:

- Cash and cash equivalents – actual indebtedness balance. The Board maintains its funds as part of the City of Edinburgh Council's group of bank accounts. Loans to and from the City of Edinburgh Council are variable rate and repayable on demand. The fair value of these loans has therefore been taken to be their carry value.
- The fair value of short-term instruments, including trade payables and receivables, is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2020		31 March 2021	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Trade creditors	0	0	0	0
Trade debtors	0	0	0	0
Loans and receivables	1,492	1,492	1,750	1,750

#### 10.5 Income, Expenses, Gains and Losses

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

	Financial Assets measured at amortised cost 31st March 2020 £'000	Financial Assets measured at amortised cost 31st March 2021 £'000
Total expense and income in Surplus or Deficit on the Provision of services :		
Interest income	9	0

### 11. SHORT TERM DEBTORS

	2019/20 £'000	2020/21 £'000
Debtors:		
• Trade Receivables	12	9
• Prepayments	113	137
	<u>125</u>	<u>145</u>

### 12. CASH AND CASH EQUIVALENTS

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

	2019/20 £'000	2020/21 £'000
• Cash held by the Board	1	1
• Other local authorities	1,491	1,750
	<u>1,492</u>	<u>1,750</u>

### 13. SHORT TERM CREDITORS

	2019/20 £'000	2020/21 £'000
Creditors:		
• Trade payables	(50)	(42)
• Other payables	(409)	(915)
	<u>(459)</u>	<u>(958)</u>

## LOTHIAN VALUATION JOINT BOARD

### 14. USABLE AND UNUSABLE RESERVES

<u>USABLE</u>		2019/20	2020/21
		£'000	£'000
14.1	General Fund Balance	(897)	(784)
		<u>(897)</u>	<u>(784)</u>

<u>UNUSABLE</u>		2019/20	2020/21
		£'000	£'000
14.2	Capital Adjustment Account	(311)	(368)
14.3	Pension Reserve	6,119	8,125
14.4	Accumulated Absence Account	91	169
		<u>5,899</u>	<u>7,926</u>

#### 14.1 General Fund Balance

Movements in the Authority's usable reserve are detailed in the Movement in Reserves Statement. The General Fund balance represents the balance of the surpluses or deficits arising from the Comprehensive Income and Expenditure Statement.

The table below details the surplus or deficits arising annually since 2010/11. Prior to 2010/11 all surplus balances were refunded to constituent councils.

In February 2018 the Board approved 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.

<u>Year</u>	2019/20	2020/21
	£'000	£'000
2010/11	(228)	(228)
2011/12	(42)	(42)
2012/13	(127)	(127)
2013/14	(24)	(24)
2014/15	(175)	(175)
2015/16	(153)	(153)
2016/17	(262)	(262)
2017/18	213	213
2018/19	(99)	(99)
2019/20	0	0
2020/21	113	113
	<u>(784)</u>	<u>(784)</u>

#### 14.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and Depreciations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Board as finance for the costs of acquisition, construction and enhancement.



## LOTHIAN VALUATION JOINT BOARD

### 14. USABLE AND UNUSABLE RESERVES (Contd.)

#### 14.2 Capital Adjustment Account (Contd.)

	2019/20 £'000	2020/21 £'000
<b>Balance at 1st April</b>	(361)	(311)
Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
• Charges for depreciation and impairment of non-current assets	64	55
• Depreciation of intangible assets	20	18
	<hr/>	<hr/>
Net written out amount of the cost of non-current assets consumed in year	(277)	(239)
Capital financing for the year:		
• Statutory provision for the financing of capital expenditure	(34)	(130)
	<hr/>	<hr/>
<b>Balance at 31st March</b>	<b>(311)</b>	<b>(368)</b>

#### 14.3 Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Board accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Board makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Board has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2019/20 £'000	2020/21 £'000
<b>Balance at 1st April</b>	8,884	6,119
Remeasurements of the net defined benefit liability / (asset)	(3,185)	1,495
Reversals of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.	1,225	1,445
Employer's pension contributions and direct payments to pensioners payable in the year.	(805)	(934)
	<hr/>	<hr/>
<b>Balance at 31st March</b>	<b>6,119</b>	<b>8,125</b>

## LOTHIAN VALUATION JOINT BOARD

### 14. USABLE AND UNUSABLE RESERVES (Contd.)

#### 14.4 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, for example, annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

	2019/20 £'000	2019/20 £'000	2020/21 £'000	2020/21 £'000
<b>Balance at 1st April</b>		83		91
Settlement or cancellation of accrual made at the end of the preceding year	(83)		(91)	
Amounts accrued at the end of the current year	91		169	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		8		78
<b>Balance at 31st March</b>		91		169

### 15 CASH FLOW STATEMENT

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

	2019/20 £'000	2020/21 £'000
Net (increase)/decrease in the General Fund Balance	0	113
Exclude accumulated absences	8	79
Exclude revenue contribution to capital	(34)	(130)
	(26)	62
(Decrease)/increase in revenue debtors	0	20
(Decrease)/increase in long term debtors	(5)	(6)
Decrease/(increase) in deferred credit	35	35
Decrease/(increase) in revenue creditors	186	(499)
Revenue activities net cash flow	190	(388)

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

	2019/20 £'000	2020/21 £'000
Due by/(to) the City of Edinburgh Council at 31st March	1,715	1,491
Due by/(to) the City of Edinburgh Council at 1st April	1,492	1,750
(Increase)/decrease in cash	223	(258)

## LOTHIAN VALUATION JOINT BOARD

### 16. MEMBERS ALLOWANCES

The Board paid the following amounts to members during the year. These figures include NI and Pensions.

	2019/20	2020/21
	£000's	£000's
Salaries (incl. NI and Pensions)	9	10
Expenses	0	0
Total	9	10

### 17. EXTERNAL AUDIT COSTS

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

	2019/20	2020/21
	£000's	£000's
External audit services carried out for the year	7	8

### 18. RELATED PARTIES

The Board is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Board or to be controlled or influenced by the Board. Disclosure of these transactions allows readers to assess the extent to which the Board might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Board.

#### 18.1 Scottish Government

The Scottish Government is responsible for providing the statutory framework within which the Board operates. It provides the majority of the Board's funding in the form of grants to the constituent councils, and prescribes the terms of many of the transactions that the Board has with other parties. Constituent councils provide funding to the Board at the start of each financial year.

#### 18.2 Members

Members of the Board have direct control over the Board's financial and operating policies. The total of members' allowances paid in 2020/21 shown in Note 16 and the Remuneration Report.

#### 18.3 Other Parties

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

	2019/20	2020/21
	£000's	£000's
● <b>The City of Edinburgh Council:</b>		
Rates	117	117
Rent	305	305
Central support costs	68	60
Interest on revenue balances	(9)	0
Constituent council contribution	(3,678)	(3,805)
Constituent council requisition refund	0	0
Council Tax hearings	4	0
Vehicle hires	1	0
Printing	2	0
Trade Waste/maintenance	4	4
Due from City of Edinburgh Council	1,492	1,750
Long term debtor - lease of office	68	62
Convener remuneration	6	6
Legal fees	6	0

## LOTHIAN VALUATION JOINT BOARD

### 18. RELATED PARTIES (Contd.)

#### 18.3 Other Parties (Contd.)

	2019/20 £000's	2020/21 £000's
<ul style="list-style-type: none"> <li>• <b>The Cabinet Office</b></li> </ul>		
IER grant received	(600)	(54)
<ul style="list-style-type: none"> <li>• <b>Midlothian Council</b></li> </ul>		
Constituent council contribution	(549)	(567)
CT liability hearings	(2)	0
<ul style="list-style-type: none"> <li>• <b>East Lothian Council</b></li> </ul>		
Constituent council contribution	(642)	(665)
<ul style="list-style-type: none"> <li>• <b>West Lothian Council</b></li> </ul>		
Constituent council contribution	(1,132)	(1,171)
Vice Convener remuneration	4	4
<ul style="list-style-type: none"> <li>• Clackmannanshire Council</li> <li>• Fife Council</li> <li>• Glasgow City Council</li> <li>• Renfrewshire Council</li> <li>• HM Revenue and Customs</li> <li>• Convention of Scottish Local Authorities</li> <li>• Lothian Buses PLC</li> <li>• Registers of Scotland</li> <li>• Scottish Court Service</li> </ul>	36 2 7 1 5 1 1 2 (4)	12 0 8 2 5 1 0 2 (3)

### 19. TERMINATION BENEFITS

Five employees left during 2020/21 incurring termination benefits. The Exit Packages note is shown within the Remuneration Report.

### 20. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2019/20 £000's	2020/21 £000's
<b>Opening Capital Financing Requirement</b>	<b>0</b>	<b>0</b>
Capital investment		
• Property, Plant and Equipment	28	115
• Intangible assets	6	15
Sources of finance		
• Direct revenue contributions	(34)	(130)
<b>Closing Capital Financing Requirement</b>	<b>0</b>	<b>0</b>

## LOTHIAN VALUATION JOINT BOARD

### 21. DEFINED BENEFIT PENSION SCHEMES

#### 21.1 Participation in Pension Schemes

As part of the terms and conditions of employment of its staff, the Board makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until the employees retire, the Board has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Board participates in the following post employment scheme:

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

The Local Government Pension Scheme (LGPS) changed from a final salary scheme to a career average scheme on the 1 April 2015. All benefits built up in the LGPS for membership after 31 March 2015 are worked out under the rules of the new career average scheme. Before 1 April 2015 benefits were built up based on a final salary scheme. A funded defined benefit scheme, requires the Board and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

#### 21.2 Transactions Relating to Post-employment Benefits

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

	2019/20	2019/20	2020/21	2020/21
	£000	£000	£000	£000
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Cost of services, comprising:</b>				
Current service costs	1,462		1,203	
Past service costs	<u>(458)</u>		<u>97</u>	
		1,004		1,300
<b>Financing and investment income:</b>				
Net interest expense		<u>221</u>		<u>145</u>
<b>Total post employee benefit charged to the surplus on the provision of services</b>		1,225		1,445
<b>Other post-employment benefits charges to the Comprehensive Income / Expenditure Statement</b>				
<b>Remeasurement of the net defined liability, comprising:</b>				
Return on plan assets, excluding the amount incl. in the net interest expense above.	3,793		(7,640)	
Actuarial gains and (losses) arising on changes in financial and demographic assumptions	(6,684)		9,274	
Other experience	<u>(294)</u>		<u>(139)</u>	
		<u>(3,185)</u>		<u>1,495</u>
<b>Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement</b>		<u>(1,960)</u>		<u>2,940</u>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the Code.		<u>2,765</u>		<u>(2,006)</u>
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
Employer's contributions payable to the scheme		720		851
Contributions in respect of unfunded benefits		<u>85</u>		<u>83</u>
		805		934

## LOTHIAN VALUATION JOINT BOARD

### 21. DEFINED BENEFIT PENSION SCHEMES (Contd.)

#### 21.3 Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Board's obligations in respect of its defined benefit plan is as follows:

	2019/20	2020/21
	£000	£000
Fair value of employer assets	55,093	62,626
Present value of funded liabilities	(59,444)	(68,945)
Present value of unfunded liabilities	(1,768)	(1,806)
Net liability arising from defined benefit obligation	<u>(6,119)</u>	<u>(8,125)</u>

#### 21.4 Reconciliation of the Movements in the Fair Value of Scheme Assets

	2019/20	2020/21
	£000	£000
Opening fair value of scheme assets	57,672	55,093
Interest income	1,382	1,263
Remeasurement gain / (loss):		
Return on plan assets, excluding the amount included in the net interest expense	(3,793)	7,640
Contributions from employer	720	851
Contributions from employees into the scheme	218	212
Contributions in respect of unfunded benefits	85	83
Benefits paid	(1,106)	(1,330)
Other Experience		(1,103)
Unfunded benefits paid	(85)	(83)
Closing fair value of scheme assets	<u>55,093</u>	<u>62,626</u>

#### 21.5 Reconciliation of Present Value of the Scheme Liabilities

	2019/20	2020/21
	£000	£000
Present value of funded liabilities	(64,635)	(59,444)
Present value of unfunded liabilities	(1,921)	(1,768)
Opening balance at 1 April	<u>(66,556)</u>	<u>(61,212)</u>
Current service cost	(1,462)	(1,203)
Interest cost	(1,603)	(1,408)
Contributions from employees into the scheme	(218)	(212)
Remeasurement gain / (loss):		
Change in financial assumptions	6,684	(12,374)
Change in demographic assumptions	0	3,100
Other experience	294	1,242
Past service cost	458	(97)
Benefits paid	1,106	1,330
Unfunded benefits paid	85	83
Closing balance at 31 March	<u>(61,212)</u>	<u>(70,751)</u>

## LOTHIAN VALUATION JOINT BOARD

### 21. DEFINED BENEFIT PENSION SCHEMES (Contd.)

#### 21.6 Fair Value of Employer Assets

The following asset values are at bid value as required under IAS19.

The IAS19 asset split is based on the Plan's benchmark investment split.

	2019/20 £000	2019/20 %	2020/21 £000	2020/21 %
<b><u>Equity Securities</u></b>				
Consumer *	5,250.8	10	8,143.0	13
Manufacturing *	7,945.7	15	9,030.0	14
Energy and Utilities *	3,513.9	6	3,190.0	5
Financial Institutions *	3,583.1	7	3,838.0	6
Health and Care *	3,812.4	7	3,913.0	6
Information Technology *	2,381.4	4	2,968.0	5
Other *	4,022.2	7	4,972.0	8
<b>Sub-total Equity Securities</b>	<b>30,509.5</b>		<b>36,054.0</b>	
<b><u>Debt Securities:</u></b>				
Corporate Bonds (investment grade) *	922.8	2	0.0	0
Corporate Bonds (investment grade)	2,027.6	4	2,136.0	4
UK Government *	3,391.7	6	5,024.0	8
<b>Sub-total Debt Securities</b>	<b>6,342.1</b>		<b>7,160.0</b>	
<b><u>Private Equity</u></b>				
All	479.3	1	383.0	1
<b>Sub-total Private Equity</b>	<b>479.3</b>		<b>383.0</b>	
<b><u>Real Estate:</u></b>				
UK Property *	633.7	1		0
UK Property	2,976.4	5	3,266.0	5
Overseas Property	48.5	0	7.0	0
<b>Sub-total Real Estate</b>	<b>3,658.6</b>		<b>3,273.0</b>	
<b><u>Investment Funds and Unit Trusts:</u></b>				
Equities *	674.6	1	885.0	1
Bonds *	236.5	0	1,289.0	2
Infrastructure	7,746.3	14	7,172.0	12
<b>Sub-total Investment Funds and Unit Trusts</b>	<b>8,657.4</b>		<b>9,346.0</b>	
<b><u>Derivatives:</u></b>				
Foreign Exchange *	112.4	0	3.0	0
<b>Sub-total Derivatives</b>	<b>112.4</b>		<b>3.0</b>	
<b><u>Cash and Cash Equivalents</u></b>				
All *	5,333.7	10	6,407.0	10
<b>Sub-total Cash and Cash Equivalents</b>	<b>5,333.7</b>		<b>6,407.0</b>	
<b>Total Fair Value of Employer Assets</b>	<b>55,093.0</b>	<b>100</b>	<b>62,626.0</b>	<b>100</b>

Scheme assets marked with an asterisk (\*) have quoted prices in current active markets or were in active markets 2020/21.

## LOTHIAN VALUATION JOINT BOARD

### 21. DEFINED BENEFIT PENSION SCHEMES (Contd.)

#### 21.7 Basis for Estimating Assets and Liabilities

Hymans Robertson, the independent actuaries to Lothian Pension Fund, have advised that the financial assumptions used to calculate the components of the pension expense for the year ended 31 March 2021 were those from the beginning of the year (i.e. 31 March 2020) and have not been changed during the year. The main assumptions in the calculations are:

<u>Average future life expectancies at age 65:</u>		2019/20	2020/21
Current pensioners	male	21.7 years	20.5 years
Current pensioners	female	24.3 years	23.3 years
Future pensioners	male	24.7 years	21.9 years
Future pensioners	female	27.5 years	25.2 years
<u>Financial assumptions:</u>		2019/20	2020/21
Pension increase rate		1.90%	2.85%
Salary increase rate		3.50%	3.35%
Discount rate		2.30%	2.00%

Estimation of defined benefit obligations is sensitive to the actuarial assumptions set out above. In order to quantify the impact of a change in the financial assumptions used, the Actuary has calculated and compared the value of the scheme liabilities as at 31 March 2021 on varying bases. The approach taken by the Actuary is consistent with that adopted to derive the IAS19 figures.

To quantify the uncertainty around life expectancy, the Actuary have calculated the difference in cost to the Employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages).

<u>Change in assumptions at 31 March 2021:</u>	Approximate % increase to Employer	Approximate Monetary Amount
0.5% decrease in Real Discount Rate	9.0%	6,656
0.5% increase in the Salary Increase Rate	1.0%	911
0.5% increase in the Pension Increase Rate	8.0%	5,584

#### 21.8 Analysis of projected amount to be charged to profit or loss for the period to 31 March 2022

	Assets £000	Obligations £000	Net (liability) / asset	
			£000	% of pay
Projected current service cost	0	(1,633)	(1,633)	-51.3%
Total Service Cost	0	(1,633)	(1,633)	-51.3%
Interest income on plan assets	1,248	0	1,248	39.2%
Interest cost on defined benefit obligation	0	(1,419)	(1,419)	-44.6%
Total Net Interest Cost	1,248	(1,419)	(171)	-5.4%
Total included in Profit or Loss	1,248	(3,052)	(1,804)	-56.7%

The Board's estimated contribution to Lothian Pension Fund for 2021/22 is £0.694m.

#### 21.9 Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Following Lothian Pension Fund's Triennial Actuarial Review in 2020, employer pension fund contribution rates are now confirmed at 21.8% until 31 March 2024.



## LOTHIAN VALUATION JOINT BOARD

### 22. LEASES

#### Operating Leases

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

17a South Gyle Crescent - offices		
	2019/20	2020/21
	£000's	£000's
The future minimum lease payments due in future years are:		
• Not later than 1 year	305	305
• Later than 1 year not later than 5 years	1,526	1,526
• Later than 5 years	1,831	1,526
	<u>3,662</u>	<u>3,357</u>

#### Car Leases

The Board operates an employee car leasing scheme. There were seven active leases in operation at 31st March 2021 and employees contributed £0.018m during 2020/21 towards the cost of car leasing. The Board is committed to paying the following sums in future years:

	2019/20	2020/21
	£000's	£000's
The future minimum lease payments due in future years are:		
• Not later than 1 year	22	17
• Later than 1 year not later than 5 years	24	11
	<u>46</u>	<u>28</u>

The Board has two operational leases. These relate to mobile phones/tablet devices and a Xerox photocopying agreement. The costs incurred under both for financial year 2020/21 were £7,284 and £5,033 respectively.

The Board has no finance lease obligations.

### 23. LONG TERM DEBTORS

The long term debtor is in respect of a cash incentive received by the Board on its relocation of offices to its new premises at 17a South Gyle Crescent. The cash incentive is amortised on a straight line basis over the term of the lease. A 25 year lease was entered into in December 2006, the remaining life amounts to 12 years, consequently £5,642 will be written to the Comprehensive Income and Expenditure Statement each year.

	2019/20	2020/21
	£000's	£000's
• Cash incentive:		
Balance at 1st April	73	68
Amortised to Comprehensive Income and Expenditure Statement	(5)	(6)
Balance at 31st March	<u>68</u>	<u>62</u>

### 24. OTHER LONG TERM LIABILITIES

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

	2019/20	2020/21
	£000's	£000's
Balance at 1st April	(455)	(420)
Amortised to Comprehensive Income and Expenditure Statement	35	35
Balance at 31st March	<u>(420)</u>	<u>(385)</u>

## LOTHIAN VALUATION JOINT BOARD

### 25. CONSTITUENT COUNCIL REQUISITIONS

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

	Due for 2020/21 £000's	Received 2020/21 £000's	Due (to)/from Councils 2020/21 £000's
City of Edinburgh Council	3,805	3,805	0
Midlothian Council	567	567	(0)
East Lothian Council	665	665	0
West Lothian Council	1,171	1,171	(0)
	<u>6,208</u>	<u>6,208</u>	<u>(0)</u>

### 26. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

- Re-financing risk - the possibility that the Board might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms is considered immaterial because although the Board has powers to obtain loan finance, no such loans were held during the year;
- Market risk - the possibility that financial loss might arise for the Board as a result of changes in such measures as interest rate movements is considered immaterial because the finances of the Board are such that during the year there was no interest payable and interest receivable was immaterial;
- Credit risk - the possibility that other parties might fail to pay amounts due to the Board is considered immaterial on the basis of past experience and the fact that most debt payable to the Board is due from other public bodies;
- Liquidity risk - the possibility that the Board might not have funds available to meet its commitments to make payments is considered immaterial given the statutory responsibility that the Board has to have a balanced budget and that constituent authorities have to fund the activities of the Board;
- Price risk - the possibility that fluctuations in equity prices has a significant impact on the value of financial instruments held by the Board is considered immaterial because the Board does not generally invest in equity shares; and
- Foreign exchange risk - the possibility that fluctuations in exchange rates could result in loss to the Board is considered immaterial because there are no financial assets or liabilities held at the year end denominated in foreign currencies.

The Board holds its surplus funds with the City of Edinburgh Council and does not place external deposits in its own name. The balance held by and due from the City of Edinburgh Council at 31st March 2021 amounted to £1.750m (2019/20 £1.492m). No breaches of the Board's counterparty criteria occurred during the reporting period and the Board does not expect any losses from non-performance by any of its counterparties in relation to deposits. During the reporting period, the Board held no collateral as security.

# LOTHIAN VALUATION JOINT BOARD

## ANNUAL GOVERNANCE STATEMENT

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### Scope of Responsibility

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

LVJB is responsible for ensuring that it conducts its business in accordance with legislation, proper standards and that public money is properly accounted for and used economically, efficiently and effectively. LVJB has a duty to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, LVJB establishes proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

LVJB acknowledges its responsibility for ensuring that there is effective governance within the organisation and as such has developed a Code of Corporate Governance that defines 3 main principles:

### Accountability

- as a public body, LVJB is held accountable to citizens and stakeholders;
- LVJB implements good practice in reporting, quality assurance and auditing;

### Transparency

- processes, procedures and data are directly accessible to those who need them, and enough information is provided to understand and monitor them;
- LVJB engages with its stakeholders and helps them understand the services provided;

### Effectiveness and Efficiency

- LVJB produces results that meet service delivery needs while making the best use of its resources;
- LVJB operates in a manner to secure an environment of continuous improvement.

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

### The Board's Governance Assurance Framework

The Governance Framework comprises the culture, values, systems and processes by which LVJB is directed and controlled. It enables LVJB to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services in an efficient manner.

- Behave with integrity, has strong ethical values and respects the rule of law;
- Ensure openness and comprehensive stakeholder engagement;
- Seek outcomes in terms of sustainable economic, social, and environmental benefits;
- Determine interventions necessary to optimise the achievement of intended outcomes;
- Develop capacity, including the capability of its leadership and the individuals within it;
- Manage risk and performance through robust internal control and strong financial management;
- Implement good practice in transparency, reporting, and audit to deliver effective accountability.

Internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It assures that in conducting its business, LVJB reflects the principles of the CIPFA/SOLACE framework - Delivering Good Governance in Local Government.

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

While the system of internal control is designed to manage risk at a reasonable level it cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

In May 2018, LVJB introduced a Governance, Risk and Best Value Group. The Governance Group has been recently reviewed and a new Governance Strategy Group (GSG) formed. The GSG will provide a focal point for Board members to discuss LVJB organisational and operational objectives and will provide internal assurance and quality control over the primary functions and services of LVJB. The Group also reports to members of the Board. The responsibility for leading and directing the annual reviews of the effectiveness of LVJB's governance arrangements and providing ongoing oversight and robust challenge is City of Edinburgh Council's Internal Audit service and LVJB's appointed external auditors, Azets Audit Services. It is anticipated that the activities of the GSG will enhance the appreciation and interpretation of the future strategic direction of LVJB.

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

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

# LOTHIAN VALUATION JOINT BOARD

## ANNUAL GOVERNANCE STATEMENT (Contd.)

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### Review of Effectiveness

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

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

- the work of Internal Auditors, based on the delivery of one internal audit review each year, follow-up to confirm effective implementation of previous internal audit findings raised and the status of any open internal audit findings;
- the Assessor's Certificate of Assurance on internal control;
- the operation and monitoring of controls by Board Managers; and
- the External Auditors in their Annual Audit Report.

Throughout the year Elected Members and Officers have responsibility for the development and maintenance of the risk management framework and control and governance environment. These review mechanisms include:

- **The Lothian Valuation Joint Board** provides strategic leadership, determines policy aims and objectives and takes executive decisions not delegated to officers. It provides political accountability for the Board's performance.
- **Internal Audit** provides an independent and objective assurance service to the Board by delivering one audit each year and providing an opinion on the design and operating effectiveness of the key internal controls established to manage the Board's most significant risks.
- the **External Audit** undertaken by Azets Audit Services and reported in the Annual Audit Report to the Board.
- **The Strategic, Operational and Project Risk Registers** are reviewed as part of the Board's Corporate and Service Plan. The Corporate and Service Plan is approved by the Board. Key risks are reported quarterly to the Board, financial risks through budget reports and service risks through the Assessors Progress report. This ensures that actions can be considered to effectively manage the Board's highest risks.
- **The Monitoring Officer** is responsible to the Board for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

### Internal Audit Opinion

Internal Audit progressed one review in 2020/21, which assessed the adequacy of design and operating effectiveness of LVJB's Council Tax controls. LVJB will review the report recommendations with the outcome reported to the Board.

### CIPFA Financial Management Code

An additional requirement of this year's statement is to undertake a preliminary assessment of the extent to which the Board's financial management arrangements comply with the principles set out within the CIPFA Financial Management (FM) Code. The Code is designed to support good practice and assist local government organisations in demonstrating their financial sustainability and resilience, by setting out expected standards of financial management. While 2020/21 is a "shadow" year for implementation of the Code, all local government organisations are encouraged to undertake an early assessment in preparation for full adoption during 2021/22.

The assessment was undertaken to include reference to the 2021/22 budget-setting process, following an External Audit recommendation on the 2019/20 Annual Audit report "that more frequent discussions are held at Board level with regard to the future financial position of the organisation with actions developed to address this position". The assessment has highlighted recent improvements contributing positively to the Board's financial resilience and stability, including setting a balanced 3-year budget for the period 2021 to 2024.

The Board's financial management arrangements are initially assessed as being compliant with the FM Code.

### Coronavirus Pandemic

The challenge faced by LVJB to provide continued levels of high-quality service around its three core functions and also to sustain the necessary governance and control mechanisms over services was considerable. LVJB migrated to the Microsoft Office 365 cloud-based software as a service model over the latter part of 2019. When the required reaction to the emerging pandemic in March 2020 became clear, LVJB could allocate staff to work from home where they would have remote access to essential systems and applications, enabling services to be maintained. An internal subset of the Corporate Leadership Group was created and met daily during this time. The group considered the implications of staff wellbeing, communication and risk, service delivery and performance, accommodation conditions and use, and kept continually appraised and informed of a constantly developing set of circumstances.

Managers were provided with procedures and guidance on how to assign, assess and measure tasks and performance. Financial resources were re-allocated to enable provision of suitable new mobile equipment and software for home use. This was supplemented by staff who were prepared to use their personal equipment for secure remote access to LVJB systems to allow processing of key tasks to continue. Through sustained investment LVJB anticipates that all staff will be supplied with corporate equipment for future use in any new home and office-based hybrid working landscape. It is recognised that this will generate additional strain on LVJB's budget, but the ICT investment to date has been essential to maintaining functional operability.

During this time, the LVJBs Governance Committee, Project Management Framework, Quality Assurance procedures, internal first and second line checking and Corporate Leadership Team continually reviewed and assessed risk to provide ongoing assurance and support.

## **LOTHIAN VALUATION JOINT BOARD**

### **ANNUAL GOVERNANCE STATEMENT (Contd.)**

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#### **Certification**

In compliance with accounting practice, the Treasurer has provided the Assessor and Electoral Registration Officer with a statement on the adequacy and effectiveness of the Board's internal financial control system for the year ended 31st March 2021. It is the Treasurer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's internal control system.

A review was undertaken of the Schedule of Assurance prepared by management. The review did not identify any instances of non-compliance. During 2020/21, no significant Internal Audit findings were raised regarding the governance and scrutiny performed by the Board.

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

# LOTHIAN VALUATION JOINT BOARD

## REMUNERATION REPORT

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

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

- Details of the number of employees whose remuneration was £50,000 or more, which will be disclosed in pay bands of £5,000;
- Details of remuneration paid to senior employees of the Board for 2020/21;
- Details of the Board's senior employees who participate in the Local Government Pension Scheme, administered by the Lothian Pension Fund, and the benefits provided under the scheme.

### 1. Audit of Remuneration Report

Auditors are required to read the remuneration report to identify any;

- material inconsistencies with the financial statements;
- information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by auditors in the course of performing the audit, or that is otherwise misleading.

Azets Audit Services have reported in their annual report that the auditable part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

### 2. Remuneration policy

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

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

The Convener and Vice-Convener of the Board are remunerated by the Council of which they are a council member. The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183) as amended by the Local Governance (Scotland) Act 2004 (Remuneration and Severance Payments) Amendment Regulations 2015.

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

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

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

### 3. Pension Entitlement of Senior Employees

The Board's senior employees participate in the Local Government Pension Scheme administered by the Lothian Pension Fund. This is a final salary pension scheme which means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. The scheme's normal retirement age for employees is 65.

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

The tiers and members contributions rates for 2020/21 are as follows:

On earnings up to and including £22,200 (5.5%), on earnings above £22,200 and up to £27,100 (7.25%), on earnings above £27,100 and up to £37,200 (8.5%), on earnings above £37,200 and up to £49,600 (9.5%) and on earnings above £49,600 (12%).

# LOTHIAN VALUATION JOINT BOARD

## REMUNERATION REPORT (Contd.)

### 3. Pension Entitlement of Senior Employees (Contd.)

From April 2015, when allocating contribution rates to members, pensionable pay means the actual pensionable pay, regardless of hours worked.

There is no automatic entitlement to a lump sum for members who joined the scheme post April 2009. Members may opt to give up (commute) pension for lump sum or bigger lump sum up to the limit set by the Finance Act 2004.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation - assuming that the person left the related employment or service as at 31st March in the year to which the value relates.

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

### 4. Remuneration by Pay Band

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

Remuneration Band	Number of Employees	
	2019/20	2020/21
£50,000 - £54,999	1	2
£55,000 - £59,999	3	4
£60,000 - £64,999	-	1
£65,000 - £69,999	1	2
£70,000 - £74,999	3	2
£75,000 - £79,999	-	1
£80,000 - £84,999	-	1
£85,000 - £89,999	1	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	1
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	1	-
£130,000 - £134,999	-	-
<b>Totals</b>	<b>10</b>	<b>14</b>

### 5. Remuneration paid to Senior Employees

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

Name and Post Title	Salary, Fees and Allowances 31 March 2020	Salary, Fees and Allowances 31 March 2021
	£	£
G. Strachan - Assessor and Electoral Reg Officer	127,584	64,300
G. Elliott - Interim Assessor and Electoral Officer (appointed 1st October 2020)	n/a	101,936
<b>Total</b>	<b>127,584</b>	<b>166,236</b>

# LOTHIAN VALUATION JOINT BOARD

## REMUNERATION REPORT (Contd.)

### 6. Pension Entitlement of Senior Employees

<u>In-year pension contributions</u>		For year to 31 March 2020	For year to 31 March 2021
<u>Name and Post Title</u>		£	£
G. Strachan - Assessor and Electoral Reg Officer		27,693	14,403
G. Elliott - Interim Assessor and Electoral Officer ( <i>appointed 1 October 2020</i> )		n/a	22,827
<u>Accrued Pension Benefits</u>		As at 31 March 2021	Difference from 31 March 2020
<u>Name and Post Title</u>		£'000	£'000
G. Strachan - Assessor and Electoral Reg Officer	Pension	71	2
	Lump sum	136	2
G. Elliott - Interim Assessor and Electoral Officer ( <i>appointed 1st October 2020</i> )	Pension	47	n/a
	Lump sum	84	n/a

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

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

### 7. Remuneration of Convener and Vice Conveners

The following table provides details of the remuneration paid to the Board's Convener and Vice-Convener by the Board, excluding NI and Pensions.

<u>Name and Post Title</u>	Salary, fees and allowances £	Taxable Expenses £	Total Remun. 2020/21 £	Total Remun. 2019/20 £
D.Key - Convener	4,488	0	4,488	4,392
A. McGuire - Vice Convener *	3,892	0	3,892	3,189
	<u>8,380</u>	<u>0</u>	<u>8,380</u>	<u>7,581</u>

### 8. Pension Entitlement of Convener and Vice Convener

<u>In-year pension contributions</u>		For year to 31 March 2020	For year to 31 March 2021
<u>Name and Post Title</u>		£	£
D.Key - Convener		4,870	5,089
<u>Accrued Pension Benefits</u>		As at 31 March 2021	Difference from 31 March 2020
<u>Name and Post Title</u>			
D.Key - Convener	Pension	4	1
	Lump sum	0	0

\* The Vice-Convener to the Board (Councillor McGuire) is not in the Local Government Pension Scheme.



## LOTHIAN VALUATION JOINT BOARD

### REMUNERATION REPORT (Contd.)

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#### 9. Exit Packages

The following information details the number, and total cost, of exit packages agreed and approved by 31st March 2021, grouped in rising bands of £20,000 up to £100,000.

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

Exit Packages Band	Number of Employees		Total Cost	
	2019/20	2020/21	2019/20	2020/21
£0 - £20,000	2	0	£ 3,524	£ 0
£20,001 - £40,000	0	1	0	30,115
£40,001 - £60,000	1	0	48,631	0
£60,001 - £80,000	0	1	0	74,966
£80,001 - £100,000	0	1	0	93,461
£100,000+	0	2	0	220,349
<b>Totals</b>	<b>3</b>	<b>5</b>	<b>52,155</b>	<b>418,891</b>

Costs are in respect of voluntary retirements which were approved on the basis of Regulation 30 (Rule of 85) of the Pension Fund Regulations.

#### 10. Trade Union (Facility Time Publication Requirements) Regulations 2017

The Lothian Valuation Joint Board is required to report a range of information on facility time made available to its employees who are trade union representatives. For the reporting year 2020/21, the equivalent of 0.86 FTE (over 3 individuals) of paid facility time was made available, with an associated cost of £11,653. This sum equates to 0.23% of Lothian Valuation Joint Board's overall pay bill. Of the total time made available, no individual spent 100% of time during the year on trade union-related activities, only between 0% and 50%.

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## Treasury Management Annual Report 2020/21

14th June 2021

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### 1 Purpose of report

The purpose of this report is to provide an Annual Treasury Report for the financial year 2020/21.

### 2 Summary

The Board has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector, and under the code, an Annual Report on Treasury Management must be submitted to the Board after the end of each financial year. The Treasury Strategy was presented to the Board and its continuance was approved in February 2021.

### 3 Investment Out-turn for 2020/21

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 and for financial year 2020/21 is calculated in accordance with the withdrawn Local Authority (Scotland) Accounts Advisory Committee's (LASAAC) Guidance Note 2 on Interest on Revenue Balances (IoRB). In line with recent short term interest rates, the investment return continues to be small, but the Board gains security from its counterparty exposure being to the City of Edinburgh Council. Net end of month balances for the financial year were:

Opening Balance	£1,491,143.51
30 April 2020	£1,550,284.66
31 May 2020	£1,490,303.65
30 June 2020	£1,507,491.91
31 July 2020	£1,527,123.54
31 August 2020	£1,765,884.05
30 September 2020	£1,571,886.36
31 October 2020	£1,432,573.70
30 November 2020	£1,373,865.43
31 December 2020	£1,500,969.41
31 January 2021	£1,573,989.24
28 February 2021	£1,741,998.13
31 March 2021	£1,749,520.86

3.2 Interest is calculated on the average monthly balance. The interest rate payable has remained negative therefore the Board won't be charged for positive or negative balances, interest will be zero.

#### **4 Recommendations**

4.1 It is recommended that the Board notes the Annual Report for 2020/21.

**HUGH DUNN,**  
Treasurer.

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**Appendix**

None

**Contact/tel**

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## Operational Governance Framework Review 2021

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14 June 2021

### 1 Introduction

- 1.1 This report sets out the review of the key documents that support the internal controls, accountability and transparent operation of the Lothian Valuation Joint Board ('the Board') and recommends appropriate changes.
- 1.2 The review ensures that the key operational governance documents of the Board are comprehensive, relevant, up-to-date and support good governance.

### 2 Background

- 2.1 The operational governance framework is made up of four documents:
  - 2.1.1 Lothian Valuation Joint Board Procedural Standing Orders;
  - 2.1.2 Lothian Valuation Joint Board Financial Regulations;
  - 2.1.3 Lothian Valuation Joint Board Scheme of Delegation to Officers;
  - 2.1.4 Lothian Valuation Joint Board Contract Standing Orders.
- 2.2 These documents were previously reviewed and approved by the Board in February 2016, with amendments made to strengthen the governance processes, reflect updates to legislation, and establish consistency across the Scheme of Delegation and Contract Standing Orders.
- 2.3 It was agreed that the operational governance framework should be reviewed and updated every five years.

### 3 Main Report

- 3.1 The Board's Financial Regulations, Scheme of Delegation and Contract Standing Orders have been reviewed and revised versions are submitted for approval. These are attached at appendices 1 to 3 with amendments and comments marked. Relevant officers within the City of Edinburgh Council, covering finance, procurement and corporate governance, and the Interim Assessor and Electoral Registration Officer have been consulted and contributed to this review.

- 3.2 The Procedural Standing Orders were recently reviewed and an updated version was approved by the Board in February 2021, therefore these have not been included as part of this review. It is proposed that the Procedural Standing Orders will be included in the next five-yearly review of the operational governance framework in 2026, or earlier if requested by the Board.

### **Financial Regulations**

- 3.3 The Financial Regulations set out the key aspects of the framework of responsibilities, controls and reporting in place to provide assurance of the propriety and consistency of actions undertaken on the Board's behalf. The Regulations also serve as a public demonstration of the Board's commitment to promoting openness, transparency and integrity in its financial affairs. The document's contents are supplemented by a more detailed set of operational Finance Rules.
- 3.4 The Financial Regulations have been reviewed and minor updates have been made to reflect current legislation and practice.

### **Scheme of Delegation to Officers**

- 3.5 The Scheme of Delegation is the mechanism for the Board to delegate authority to perform certain functions to officers. The purpose of the Scheme is to allow efficient and effective service delivery by delegating appropriate operational and management functions to officers. In doing so it is important to ensure that officers to whom authority is delegated consult appropriately with the Board and retain full accountability for the decisions they take.
- 3.6 Following the review, the Scheme of Delegation remains fit for purpose. There are no significant changes proposed to the delegations to the Chief Executive and Clerk or Treasurer.
- 3.7 Minor amendments have been made to the Scheme to reflect that the current management structure of the LVJB does not include a Depute Assessor and ERO post, new legislation and the withdrawal of the UK from the European Union.

### **Contract Standing Orders**

- 3.8 The Contract Standing Orders provide the powers to control and regulate purchasing, and place requirements on officers to effectively plan and contract manage the resulting contracts.
- 3.9 A number of changes have been made to the Contract Standing Orders, in particular to reflect updated legislation, including the impact of the withdrawal of the UK from the European Union, and clarifications to wording. It is suggested at paragraph 2.9 that the existing maximum level of £3,000 for direct purchasing without competitive tendering is increased to £5,000, subject to the duty to secure Best Value. Best Value will normally be secured by seeking 3 quotes and/or evidence of firm fixed prices where possible. The

approval levels for contracts of value greater than £5,000 remains unchanged from the existing CSO's.

#### **4 Recommendations**

It is recommended that the Board:

- 4.1 Repeals the existing Lothian Valuation Joint Board Financial Regulations, Scheme of Delegation to Officers and Contract Standing Orders and approve in their place the documents set out in appendices 1 to 3, such repeal and approval to take effect from 15 June 2021.
- 4.2 Delegates authority to the Chief Executive and Clerk to take such actions and make such minor adjustments to the documents set out in appendices 1 to 3 as may be necessary to implement the decision of the Board in relation to this report.
- 4.3 Notes that the Operational Governance Framework documents would be submitted for review at a minimum every five years.

**Andrew Kerr,  
Chief Executive & Clerk**

**Appendices:** Appendix 1 - Lothian Valuation Joint Board Financial Regulations

Appendix 2 - Lothian Valuation Joint Board Scheme of Delegation to Officers

Appendix 3 - Lothian Valuation Joint Board Contract Standing Orders

**Contact:** Rachel Gentleman, Committee Officer, [rachel.gentleman@edinburgh.gov.uk](mailto:rachel.gentleman@edinburgh.gov.uk)

**Background Papers:**

[Review of Operational Governance Framework 2016](#)

[Review of Procedural Standing Orders, February 2021](#)

[The Valuation Joint Boards \(Scotland\) Order 1995](#)

# **LOTHIAN VALUATION JOINT BOARD**

## **FINANCIAL REGULATIONS**



# Contents

1.	Status and Statutory Responsibility .....	3
2.	Application .....	4
3.	Responsibilities and Observance .....	5
4.	Principles and Key Areas of the Control Framework.....	6

## Financial Regulations

These financial regulations of the Lothian Valuation Joint Board (“**Board**”) apply from [ITBC15 June 2021](#) ~~8 February 2016~~ and set out the arrangements for the proper administration of the financial affairs of the Board.

### 1. Status and Statutory Responsibility

- 1.1 These regulations are made under section 95 of the Local Government (Scotland) Act 1973 (the “1973 Act”) as applied to the Board by Section 106 of the 1973 Act.
- 1.2 Section 95 of the 1973 Act states that every local authority shall make arrangements for the proper administration of its financial affairs and shall secure that the proper officer of the authority (termed the Section 95 Officer) has responsibility for the administration of those affairs.
- 1.3 The Local Authority Accounts (Scotland) Regulations 2014 (the “Regulations”) specify that the system of accounting and control and the form of the accounts and supporting records are to be determined by the Section 95 Officer and that s/he is to ensure that accounting controls are observed and the accounts and supporting records are kept up to date. S/he is also responsible for publishing the Annual Accounts of the Board and for making the arrangements for the statutory audit required by section 96 of the 1973 Act.
- 1.4 The Board has designated the Treasurer as the Section 95 Officer and therefore as the officer responsible for the administration of the Board’s financial affairs in terms of section 95 of the 1973 Act.
- 1.5 The Treasurer serves as the Section 95 Officer for all of the Board’s accounting arrangements.
- 1.6 A more detailed set of Finance Rules, which prescribe the procedures to be followed, has also been prepared. While these Rules and other relevant procedures and policies are not contained within these Financial Regulations, they are issued under their authority and have the same status as if they were included in the body of these regulations.
- 1.7 The Treasurer will establish a programme of review for all relevant documents. Chief Officers of the Board may also seek the issue, amendment, clarification or supplementing of the regulations, finance rules or associated procedures and policies for any areas of responsibility not previously addressed.
- 1.8 Any breach or non-compliance with these regulations or the associated finance rules, procedures or policies issued under their authority must be reported immediately to the Treasurer, who may consult others as s/he sees fit to determine the proper action.

## **2. Application**

- 2.1 The Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards and that public money is safeguarded, properly accounted for and used economically, efficiently, effectively, equitably and ethically. The Board's activities are furthermore guided by a set of underlying principles and responsibilities fostering openness, integrity and accountability.
- 2.2 In discharging these responsibilities, Board members and officers are responsible for implementing effective arrangements for governing the Board's affairs and facilitating the effective exercising of its functions including arrangements for managing risk.
- 2.3 As a consequence of these responsibilities, the Board must regulate the actions taken on its behalf that carry financial implications to provide assurance of their propriety and consistency. It is furthermore a requirement of these regulations that all financial transactions are within the legal powers of the Board. These Financial Regulations thus form a key element of the maintenance of a robust, clear and accountable governance framework for the Board.

## **3. Responsibilities and Observance**

### **3.1 Treasurer**

- 3.1.1 The Board's Scheme of Delegation to Officers sets out the powers delegated to officers pursuant to the 1973 Act . As noted in paragraph 1.4, the Treasurer has been designated the Board's Section 95 Officer responsible for the administration of the Board's financial affairs.
- 3.1.2 The Treasurer, as proper officer, under section 95 of the Act, is responsible for advising the Board on all financial matters and for monitoring and reporting on its financial performance and position.

### **3.2 Assessor**

- 3.2.1 The Assessor has a duty to discharge all statutory functions and obligations of the organisation and is responsible for establishing sound arrangements for planning, appraising, authorising and controlling the service in order to achieve continuous improvement, economy, efficiency and effectiveness and associated financial targets, in so doing having due regard to sustainability and equalities considerations.
- 3.2.2 The Assessor is fully accountable for the financial performance of the service against the budget allocated. The Assessor may incur revenue

expenditure in furtherance of agreed Board policies only to the extent that budgetary provision has been made.

3.2.3 As part of ensuring the overall sustainability of the Board's financial planning and management arrangements, the Assessor also has a responsibility to review the budget on an on-going basis. This includes the active monitoring and management of service pressures, delivery of approved savings and application of approved service investment, particularly in cases where this investment is targeted towards delivery of longer-term savings. The Treasurer may request that the Assessor report to the Board during the year on measures being taken to ensure expenditure is contained within approved levels.

3.2.4 The Assessor is charged with the implementation of the risk management strategy for the Board and for ensuring its effectiveness and review.

3.2.5 Paragraph 3.4 of the Scheme of Delegation provides that:

In the event that the Chief Executive and Clerk or Assessor and Electoral Registration Officer is unavailable, his/her [nominated deputising officer](#) will have delegated authority to take urgent decisions in the absence of the Chief Executive and Clerk or Assessor and Electoral Registration Officer as appropriate.

3.2.6 With the exception of urgent decisions, which must be taken in accordance with the Scheme of Delegation, authority to discharge financially-related responsibilities must be delegated formally in writing. This requirement applies to delegations of authority for financial matters by all levels of management.

### **3.3 Internal Audit and Risk Management**

3.3.1 The Treasurer will arrange for the provision of a continuous internal audit function, overseen by a suitably-qualified and experienced individual, to review the accounting, financial and other operations of the Board. The Treasurer will also oversee the development and implementation of an appropriate risk management strategy.

3.3.2 It is the Treasurer's responsibility to put in place appropriate arrangements to provide the Board with an annual assurance statement on compliance with Financial Regulations and the [Local Code of Corporate Governance](#).

3.3.3 The Assessor and officers of the Board shall make available for inspection by internal auditors such cash, vouchers, documents, correspondence or other items as shall be deemed necessary by the Treasurer. The Treasurer will ensure that arrangements for the carrying out of the Statutory Audit, in terms of Section 96 of the 1973 Act, are in order.

### **3.4 Board Members**

- 3.4.1 Board members' responsibilities with regard to financial matters reflect a number of facets, including:
- (a) Setting the Board's financial strategy, including budget-setting;
  - (b) Setting the Board's strategic direction and overseeing arrangements for the securing (and demonstration) of best value;
  - (c) Ensuring proper control is exercised over the Board's expenditure through scrutiny of periodic financial reports comparing expenditure with the level of budgetary provision;
  - (d) Holding senior officers to account with regard to discharging all relevant financial responsibilities within their control; and
  - (e) Encouraging the development of service targets/performance measurements of a financial/non-financial nature to monitor service achievements.

### **3.5 External Audit**

- 3.5.1 The external audit of the Board seeks to assess the extent to which the stewardship of its financial affairs is subject to a regime of accountability where monies are properly accounted for, safeguarded and used economically, efficiently and effectively.
- 3.5.2 The scope of this audit is wider than that of the private sector equivalent, encompassing coverage of the annual accounts, regularity, propriety and best value and also, including the securing of value for money financial sustainability, financial management, governance and transparency and value for money.

## **4. Principles and Key Areas of the Control Framework**

### **4.1 Financial Management**

- 4.1.1 The Treasurer will provide the Board with regular monitoring reports, including reports on the final outturn, together with any recommendations.

### **4.2 Financial Control**

- 4.2.1 As noted at 1.3, the Regulations require that the system of accounting and control, and the form of the accounts and supporting records, should be defined by the Treasurer, who will ensure that the system is adhered to and that the accounts and supporting records are kept up to date.

- 4.2.2 The Regulations also require the Treasurer to submit the Annual Accounts to the Board by the prescribed dates. The Treasurer is responsible for ensuring that the accounts are produced in compliance with existing legal and accounting requirements.
- 4.2.3 The Assessor is required to provide all relevant information to the Treasurer in accordance with the instructions issued annually.
- 4.2.4 As the officer who is statutorily responsible for all financial matters the Treasurer will implement procedural controls to ensure that:
- (a) All expenditure is a valid charge;
  - (b) Income owed is collected;
  - (c) Assets are protected;
  - (d) Liabilities are accounted for;
  - (e) Financial reports are prepared.

### **4.3 Accounting Arrangements**

- 4.3.1 The following will be carried out according to procedures and instructions issued by the Treasurer:
- (a) Preparation of the Annual Accounts;
  - (b) Production of financial information concerning the Board's strategic plans, including estimated revenue and capital expenditure.
- 4.3.2 All financial records, systems and any changes thereto are subject to the written approval of the Treasurer.
- 4.3.3 The following principles must be observed in the allocation of accounting duties:
- (a) The duties of providing information regarding sums owed to or by the Board, and calculating, checking and recording these sums must be separated as completely as possible from the duty of collecting or disbursing them;
  - (b) Officers responsible for examining and directing accounts of cash transactions cannot be engaged in any of these transactions;
  - (c) All checking and authorisation undertaken by officers must be evidenced by initials or signature, whichever is appropriate;
  - (d) All claims, returns or written submissions relating to grants and

financial data must be submitted to the Treasurer for approval prior to entering into any contracts under delegated authority;

- (e) Financial records, including contract documents for work done, services and supplies, may only be disposed of in accordance with arrangements approved by the Treasurer.

#### **4.4 Revenue Budgets**

4.4.1 The Assessor is required to prepare revenue estimates in accordance with guidance issued by the Treasurer. Such estimates will be supported by equality and rights impact assessment, where relevant. The Treasurer will assist the Board prepare financial information for inclusion in the revenue estimates. An equality and diversity specialist will assist, as necessary, to prepare equality and rights impact assessments. When the revenue estimates have been approved by Board, they become the “Revenue Budget”.

4.4.2 After considering the revenue estimates report and any recommendations, the Board shall approve the allocation of resources for the following financial year at a meeting before ~~16<sup>th</sup> March~~ February each year.

4.4.3 The Treasurer will determine what constitutes revenue expenditure and the relevant accounts in which transactions should be recorded.

#### **4.5 Capital Budgets**

4.5.1 The Assessor is required to prepare capital estimates in accordance with guidance issued by the Treasurer. When the capital estimates have been approved by the Board, they become the “Capital Investment Programme”.

4.5.2 The Treasurer will determine what constitutes capital expenditure and the relevant accounts in which transactions must be recorded.

#### **4.6 Reporting Requirements**

4.6.1 All Board reports are required to include a statement of the financial consequences of the proposals for current and future years. The range of relevant considerations will vary from report to report.

4.6.2 In the event that reports do not meet the above requirement, or insufficient time is allowed for them to be properly considered, the Treasurer may request that the report is withdrawn from the Board agenda.

4.6.3 The Treasurer in conjunction with the Assessor is required to submit detailed monitoring reports at quarterly intervals normally at months 3, 6 and 9 and an outturn report at month 12 to the Board. These reports will compare actual expenditure to date with the budget

position, project the expenditure outturn for revenue and capital expenditure, and report key service issues including – where relevant – the equality and rights impact of any changes. The Treasurer will specify the format of such monitoring reports.

4.6.4 The Treasurer may give such recommendations to the Assessor as to measures to be taken in relation to the revenue budget or the capital investment programme during the remainder of the financial year as may be necessary or advisable in the circumstances prevailing.

4.6.5 The Treasurer may make recommendations to the Board as may be necessary or advisable in the circumstances prevailing.

#### **4.7. Spending, Supplementary Estimates and Transferring Funds**

4.7.1 The Board is not permitted to allow spending, whether revenue or capital, to exceed budget.

4.7.2 The Assessor, in consultation with the Treasurer, may submit a request for expenditure of an emergency nature. In such circumstances, the expenditure concerned may be incurred on the authorisation of the Treasurer, in consultation with the Convener of the Board. The Assessor shall arrange for the matter to be reported to the Board.

4.7.3 Neither the Board nor any official may incur any expenditure unless:

(a) It is a revenue expense which has been approved as part of the revenue budget under 4.4.2 of these Financial Regulations; or

(b) It is a capital expense which has been approved as part of the Capital Investment Programme under 4.54.13 of these Financial Regulations.

(c) The expense has been authorised under paragraph 4.7.4 to 4.7.9 of the Financial Regulations.

4.7.4 The Assessor may transfer money within the revenue budget to either existing or new services, but:

(a) If this will change approved Board policy, a report must be submitted to the Board for approval before the transfer can be actioned;

(b) If the transfer will affect future years' revenue budgets, a report detailing the effect on future budgets must be submitted to the Board for approval before the transfer can be actioned.

4.7.5 The Assessor may transfer money within the Capital Investment Programme to either new or existing projects as may be necessary



or advisable in the circumstances prevailing, but:

- (a) If this will change approved Board policy, a report must be submitted to the Board for approval before the transfer can be actioned;
- (b) If the transfer will affect future years' capital or revenue budgets, a report detailing the effect on future budgets must be submitted to the Board for approval before the transfer can be actioned;
- (c) Where capital grant is provided for a specific project, no transfer to alternative projects is permitted without the consent of the Scottish Government or other external grant provider.

In the case of revenue and capital transfers, any equality and rights impacts of the proposed changes must also be considered.

- 4.7.6 The Treasurer may, from time to time, issue detailed instructions on the transfer of monies within and / or between revenue budgets.
- 4.7.7 If the Assessor:
  - (a) Proposes to incur revenue or capital spending that is not included in the revenue budget or capital investment programme approved by the Board or to reduce income provided in that way; and
  - (b) Does not propose to pay for the spending by reallocating existing funding, the Board must seek a supplementary estimate.
- 4.7.8 The Assessor must report to the Treasurer with an assessment of the financial spending consequences for the current and future years and, where relevant, the equality and rights impact of the changes. In the case of revenue expenditure, this appraisal should include identification of the budget head(s) to be reduced in future years. If the Treasurer agrees, he/she will submit a recommendation to the Board.
- 4.7.9 The Treasurer must agree before a proposal for transfer or supplementary estimate is reported to the Board.
- 4.7.10 The Assessor, in consultation with the Convener of the Board, may submit a request for expenditure of an emergency nature. In such circumstances, the expenditure concerned may be incurred on the authorisation of the Treasurer. The Assessor shall arrange for the matter to be reported to the next meeting of the Board.
- 4.7.11 Other than contractual liabilities, the Assessor is not permitted to incur revenue expenditure until the relevant financial year has commenced.

## **4.8 Final Accounts**

4.8.1 The Assessor is required to provide all relevant information to the Treasurer in accordance with the instructions issued annually by the Treasurer.

4.8.2 The Treasurer will report the Board's final expenditure outturn.

## **4.9 Internal Audit**

4.9.1 The Treasurer will make appropriate arrangements to review, appraise and report on:

(a) The adequacy of internal control as an indication of probity and contribution to the economic, efficient and effective use of resources;

(b) Compliance with approved policies, plans and procedures, including those with a significant impact on or strong relevance to equality and rights;

(c) The extent to which assets are accounted for and safeguarded from losses arising from theft, fraud, waste, inefficient administration and poor value for money;

(d) The suitability and reliability of management data;

(e) Officers effectiveness in achieving value for money.

4.9.2 With the exception of data held pertaining to the statutory functions of Local Taxation and Electoral Registration, the Treasurer has authority, subject to necessary, prior consultations, to:

(a) enter Board premises or land at any reasonable time and have access to all records, documents and correspondence relating to financial or other matters. This access extends to Officers referenced in the Board's Scheme of Delegation and any officers to whom delegated powers have been sub-delegated in terms of the Board's Scheme of Delegation;

(b) require and receive such explanations as are necessary concerning any matter under examination;

(c) require Board employees to produce cash, stores or other Board property under their control.

4.9.3 If Board members or officers discover any fraud or irregularity that affects the Board, they must immediately inform the Treasurer who will arrange for an investigation to be conducted if appropriate.

## **4.10 Risk Management**

- 4.10.1 The Treasurer is responsible for preparing the financial risk management strategy.
- 4.10.2 The Treasurer is responsible for establishing effective internal controls to mitigate risk and documenting these controls and their application formally. In accordance with the risk management strategy, all officers have a role in the identification of financial risks as they affect the Board.

#### **4.11 Internal Control**

- 4.11.1 Proposals of material change to internal control must be discussed with and formally authorised in writing by the Treasurer.

#### **4.12 Income**

- 4.12.1 The Treasurer must be notified promptly of all money due and of contracts, leases, agreements or other arrangements, that involve payments to the Board.
- 4.12.2 The Treasurer will ensure the prompt rendering of accounts in connection with work done, goods supplied or services rendered and will furnish the Assessor with the information required to identify income due. The Treasurer will approve the manner in which accounts for income receivable must be prepared.

#### **4.13 Receipt of Income**

- 4.13.1 All money received must be paid without delay to the Board's bank.
- 4.13.2 Where invoices have not been issued for sums owed to the Board, alternative arrangements for collection are subject to the Treasurer's written approval.
- 4.13.3 The Treasurer will specify in writing procedures for recording income, lodging income with the bank, resolving banking discrepancies, security and insurance, cash transfers, personal cheques and the supply of receipts and tickets for use by service areas.
- 4.13.4 The Treasurer will have the authority having exhausted recognised means of debt collection, to authorise the writing off of bad debts up to a maximum of £1,000, in any case and for any sum where the debtor:
  - (a) is a company in liquidation (subject to an appropriate claim against the liquidator having been lodged); or
  - (b) is untraceable.

- (c) Subject in the case of (a) above to an appropriate claim against the liquidator having been lodged. The Treasurer will report all other irrecoverable debts to the Board for the authority to write-off.

#### **4.14 Salaries and Wages**

- 4.14.1 Employees may be appointed only in accordance with the procedures approved by the Board, the establishment, grades and rates of pay. Appropriate equality monitoring and internal audit arrangements will be put in place to ensure compliance.
- 4.14.2 Salaries and wages must be processed in accordance with procedures and instructions issued by the Treasurer from time to time.
- 4.14.3 The payment of salaries, wages, compensations and other emoluments to employees or pension entitlements to former employees will be made by the Treasurer, who is also responsible for transmitting pension contributions to the Lothian Pension Fund and the Scottish Public Pensions Agency and tax and National Insurance contributions to HM Revenue and Customs.
- 4.14.4 The Assessor must provide the Treasurer with the information required to complete Board and statutory returns.

#### **4.15 Allowances and Loan Schemes**

- 4.15.1 The Treasurer is responsible for paying allowances, reimbursing expenses and administering loan schemes in accordance with procedures specified by the Treasurer and the relevant statutory provisions.
- 4.15.2 The Assessor may award ex gratia payments in circumstances agreed with the Treasurer.
- 4.15.3 The Assessor is required to ensure that:
  - (a) Claims and applications are submitted in accordance with conditions of service, Board policies and statutory provisions, together with relevant supporting information such as receipts;
  - (b) Claims and applications are submitted on the appropriate form and certified by an authorised officer;
  - (c) Officers authorised to sign claims and application forms on their behalf are notified to the Treasurer;
  - (d) Information required to complete Board and statutory returns is

provided to the Treasurer.

- 4.15.4 The Treasurer is responsible for administering the Scheme of Members' Allowances in accordance with relevant statutory provisions and the payment of expenses.

#### **4.16 Insurance**

4.16.1 The Treasurer will:

- (a) Prepare and maintain an insurance strategy to provide cost-effective cover;
- (b) Negotiate claims with insurers, in consultation with relevant officers;

4.16.2 The Assessor must notify the Treasurer promptly of all new risks, properties, vehicles, plant, equipment, etc. that require to be insured, in addition to any alterations and changes in activities and procedures that may affect existing insurance arrangements.

4.16.3 The Assessor must notify the Treasurer of all major capital and revenue projects at an early stage if insurance cover or specialised insurance advice is required.

4.16.4 The Assessor must notify the Treasurer in writing of any loss, liability, damage or other event likely to lead to a claim immediately they become aware of it and should inform the police where appropriate.

4.16.5 The Board should not:

- (a) Make any admission of liability;
- (b) Take any action which may be construed as an admission of liability;
- (c) Waive any rights of recovery.

4.16.6 The Assessor must consult the Treasurer regarding the terms of any indemnity which the Board is requested to provide.

4.16.7 The Board must take due account of recommendations made by the Board's insurers.

#### **4.18 Imprest Accounts**

4.18.1 Where appropriate, the Treasurer will provide cash advances to officers to defray petty cash and other expenses. Such advances will be accounted for using the imprest system. The Assessor, in

consultation with the Treasurer will determine the conditions relating to such advances.

#### **4.19 Custody and Security of Assets**

- 4.19.1 The Assessor is responsible for maintaining appropriate security at all times for buildings, stores, furniture, equipment and cash.
- 4.19.2 Board property may not be removed, other than for Board purposes, unless specific instructions have been issued by the Assessor.
- 4.19.3 The Assessor is responsible for the care, custody and stocktaking of all stocks under their control and must act in accordance with guidelines issued by the Treasurer.
- 4.19.4 The Assessor must agree maximum limits for cash holdings with the Treasurer for insurance purposes. These may not be exceeded without the permission of the Treasurer.

#### **4.20 Gifts, Hospitality and Conduct**

- 4.20.1 A register of items gifted or bequeathed to the Board will be maintained by the Assessor.
- 4.20.2 Elected members and officials must comply with the Local Government (Scotland) Act 1973 Section 68 and all relevant codes of conduct for local government personnel.

#### **4.21 Banking Arrangements**

- 4.21.1 The Treasurer will make arrangements for opening and operating bank accounts and using banking services. The Treasurer is responsible for negotiating banking terms. No new bank accounts should be opened without the authorisation of the Treasurer. Personal bank accounts must never be used in respect of Board transactions or funding.
- 4.21.2 All cheque forms, excluding those required for authorised imprest accounts may be printed only with the authority of the Treasurer, who will make arrangements for their safe custody.
- 4.21.3 Cheques drawn on the main bank accounts must bear the facsimile signature of the Treasurer (or other nominated officer) or be signed by the Treasurer or other officer who holds an authorised post designated by him/her.
- 4.21.4 The Treasurer will make appropriate arrangements, including determination of agreed authorisation limits, for the signature of other financial documents on behalf of the Board.

#### **4.22 Treasury Management**

- 4.22.1 ~~The Board has adopted CIPFA’s “Code for Treasury Management in the Public Services” and “Prudential Code for Capital Finance in Local Authorities”.~~ The Treasurer is responsible for preparing and maintaining the Board’s Treasury Policy Statement Management Strategy. Treasury Management activities must be carried out in accordance with the Statement approved Strategy. Amendments must be considered and approved by the Board.
- 4.22.2 An annual Treasury Management Strategy must be prepared. The Treasurer will prepare reports to propose the following year’s Treasury Management Strategy and report on the previous year’s management performance. These documents will be subject to approval by the Board. The performance report will be submitted as soon as possible after the end of the financial year.
- 4.22.3 All treasury-related decisions are delegated to the Treasurer, who must act in accordance with the Code and Policy Statement.
- 4.22.4 All money in the Board’s custody will be aggregated for treasury management purposes and controlled by the Treasurer.
- 4.22.5 Where the acquisition or creation of an asset by leasing is proposed, the financial implications of the leasing agreement must be approved by the Treasurer.

#### **4.23 Investments**

- 4.23.1 The Treasurer may undertake any action that may reasonably be deemed permissible investment business but must seek appropriate advice where necessary.
- 4.23.2 The Treasurer is responsible for the safe custody of share certificates or other documents relating to the investment of the Board.
- 4.23.3 The Treasurer is designated in terms of the 1973 Act as “proper officer” for the purposes of Section 193 (authentication of documents) and 194 (execution of Deeds and use of Seal) as regards signing and sealing (where necessary) of:
- mortgages, bonds and other financial instruments; or
  - instruments effecting the transfer of any of them; or
  - instruments giving effect to the powers of investment or borrowing delegated to the Treasurer by Financial Regulations 14 and 15.
  - certificates and petitions to the Sheriff Court for summary warrant applications.

#### **4.24 Property and Contracts**

- 4.24.1 The financial aspects of property administration and contracts will be undertaken by procedures approved by the Treasurer.

The Assessor will be responsible for the daily administration of suitable arrangements, systems and procedures for property and contracts insofar as such procedures do not exist in Standing Orders.

#### **4.25 Property Register**

- 4.25.1 The Assessor will maintain an up-to-date register (Property Terrier) of all land and heritable property owned by or leased by the Board whether in its own right or in trust and will ensure that all such property is readily identifiable at any time.

#### **4.26 Payment of Accounts**

- 4.26.1 Arrangements for processing payments must comply with procedures established by the Treasurer, a summary of which is included in the Finance Rules.

#### **4.27 Procurement/Purchasing**

- 4.27.1 Arrangements for procurement/purchasing, including the use of purchasing cards, must comply with procedures established by the Treasurer.
- 4.27.2 The Assessor is responsible for ensuring that purchasing activity carried out on the Board's behalf is undertaken in accordance with the guidance and associated equality requirements.

#### **4.28 Value Added Tax**

- 4.28.1 The Treasurer is responsible for identifying and accounting for input and output tax. Queries and specific problems should be referred to the Treasurer, who is responsible for issuing guidance on the application of VAT rules.

#### **4.29 Other Significant Documents**

- 4.29.1 Financial Regulations should be read in conjunction with the constitutional documents of the Board including without limitation:
- Procedural Standing Orders;
  - Scheme of Delegation to Officers;
  - Finance Rules;
  - Contracts Standing Orders.



**LOTHIAN VALUATION JOINT  
BOARD (LVJB)  
SCHEME OF DELEGATION TO  
OFFICERS**

## Contents

	<u>Page</u>
<b>1. GENERAL</b>	<b>3</b>
Scheme	3
Principles of delegation	4
<b>2. CONSULTATION WITH ELECTED MEMBERS</b>	<b>4</b>
Politically controversial matters and material decisions	4
Local members	5
Reports	5
<b>3. DELEGATION</b>	<b>6</b>
Delegated authority	6
Contract Standing Orders	7
<b>4. ASSESSOR AND ELECTORAL REGISTRATION OFFICER</b>	<b>7</b>
<b>5. DELEGATION TO CHIEF EXECUTIVE AND CLERK</b>	<b>7</b>
<b>6. DELEGATION TO TREASURER</b>	<b>8</b>
<b>7. REVIEW</b>	<b>8</b>
<b>APPENDIX 1 - Delegation to Assessor and Electoral Registration Officer</b>	<b>9</b>
<b>APPENDIX 2 - Statutory powers and functions of the Assessor and Electoral Registration Officer</b>	<b>15</b>
<b>APPENDIX 3 - Delegation to Chief Executive and Clerk</b>	<b>17</b>
<b>APPENDIX 4 - Delegation to Treasurer</b>	<b>18</b>
<b>APPENDIX 5 - Proper Officer Functions</b>	<b>21</b>

**LOTHIAN VALUATION JOINT BOARD**  
**SCHEME OF DELEGATION TO OFFICERS**

**1. GENERAL**

**Scheme**

- 1.1 This Scheme of Delegation ("**Scheme**") applies from ~~8 February~~ ~~[TBC]~~ 15 June 2021 ~~2016~~ and sets out the powers delegated by the Lothian Valuation Joint Board ("**LVJB**") to officers. The Scheme is intended to facilitate the efficient conduct of LVJB business by clearly setting out the nature and extent of the powers delegated to officers by LVJB.
- 1.2 The Scheme further sets out, for information purposes in Appendix 2, the statutory powers and functions exercised directly by the Assessor and Electoral Registration Officer in those local authority areas set out in The Valuation Joint Boards (Scotland) Order 1995 (the "**Constituent Authorities**"). The principles set out in this Scheme do not otherwise apply to the exercise of statutory powers and functions by the Assessor and Electoral Registration Officer.
- 1.3 The powers delegated to officers in terms of this Scheme are subject to change by LVJB in accordance with its Standing Orders.
- 1.4 In this Scheme:
- (a) a reference to a statute or statutory provision:
    - (i) is a reference to it as amended, extended or re-enacted from time to time; and
    - (ii) shall include all subordinate legislation made from time to time under that statute or statutory provision;
  - (b) any reference to this Scheme shall include the appendices to the Scheme ("**Appendices**" and each an "**Appendix**");
  - (c) a reference to "**LVJB Policies**" shall include all and any policies approved by LVJB from time to time (and "**LVJB Policy**" shall be interpreted accordingly);
  - (d) references to paragraphs are to paragraphs of this Scheme; and
  - (e) headings are for convenience, do not form part of this Scheme and shall not be used in its interpretation.

## **Principles of delegation**

1.5 Officers to whom power is delegated in terms of this Scheme must exercise their powers in accordance with the following principles:

- (a) the decision or action must not be a matter ("**Reserved Matter**"):
  - (i) reserved by law to LVJB or a sub-committee of LVJB ("**Sub-Committee**"); or
  - (ii) that LVJB or a Sub-Committee has expressly determined should be discharged otherwise than by an officer;
- (b) the decision or action must not alter or be contrary to law or to policy set by the LVJB and/or its Sub-Committees;
- (c) the decision or action must be taken in accordance with LVJB's Standing Orders as amended from time to time;
- (d) the decision or action must be taken in accordance with LVJB's Financial Regulations as amended from time to time and comply with the financial limits set out in that document;
- (e) the financial consequences of the decision or action must be contained within the budget approved by LVJB for the financial year in question;
- (f) the decision or action must not give rise to a conflict of interest; and
- (g) elected members must be appropriately consulted and, in particular, officers must comply with the provisions of paragraph 2 of this Scheme.

1.6 If there is a question or dispute on whether a decision taken or proposed to be taken by an officer contravenes the provisions of this Scheme, it will be decided by the Chief Executive and Clerk in consultation with the Convener of the LVJB (or the Vice-Convener if the Convener is absent).

## **2. CONSULTATION WITH ELECTED MEMBERS**

### **Politically controversial matters and material decisions**

2.1 Where a decision or action proposed to be taken under delegated powers is likely to be regarded as politically controversial or is a decision ("**Material Decision**") that will have or is likely to have:

- (a) a significant effect on financial, reputational or operational risk; and/or
- (b) a significant impact on service delivery or performance;

the Convener or Vice-Convener will be consulted before any decision or action is taken.

### **Local Members**

- 2.2 Where a decision or action taken in terms of this Scheme relates to a particular Constituent Authority (and not to the whole area of the LVJB) those members shall be consulted before any decision or action is taken (save in the case of matters of a routine or confidential nature).

### **Reports**

- 2.3 The LVJB or any Sub-Committee may require the Chief Executive and Clerk, the Assessor and Electoral Registration Officer or other relevant officers to submit reports on the decisions taken and action authorised by them under delegated authority.

### 3. **DELEGATION**

#### **Delegated authority**

- 3.1 LVJB delegates authority for certain powers or functions to the Assessor and Electoral Registration Officer, the Chief Executive and Clerk, the Treasurer and the Solicitor as detailed in this Scheme.
- 3.2 The Assessor and Electoral Registration Officer has certain statutory powers and functions and may exercise those powers and functions by law without the requirement for that power or function to be delegated by LVJB. Those powers and functions are set out in Appendix 2 of this Scheme.
- 3.3 In the event that LVJB appoints separate individuals to the roles of Assessor and Electoral Registration Officer respectively, all references to "Assessor and Electoral Registration Officer" in this Scheme shall be construed as applying to the separate officers acting in those separate offices.
- 3.4 In the event that the Chief Executive and Clerk or Assessor and Electoral Registration Officer is unavailable, his/her [deputenominated sub-delegated officer, as referred to in paragraphs 3.8 and 3.9 of this Scheme,](#) will have delegated authority to take urgent decisions in the absence of the Chief Executive and Clerk or Assessor and Electoral Registration Officer as appropriate.
- 3.7 The Chief Executive and Clerk and/or Assessor and Electoral Registration Officer will remain accountable to the LVJB for decisions taken by his/her depute.
- 3.8 The Assessor and Electoral Registration Officer may sub-delegate their delegated powers to such other officer(s) of LVJB as they consider appropriate. This will be in each case the officer of an appropriate level of seniority who is most closely involved with the matter in question. The Assessor and Electoral Registration Officer will remain accountable for decisions taken by their sub-delegate(s).
- 3.9 The Chief Executive and Clerk, Treasurer and Solicitor may sub-delegate their delegated powers to such other officer(s) who are employees of the Constituent Authority by which the Chief Executive and Clerk, Treasurer and/or Solicitor respectively are employed as they may consider appropriate. This will be in each case the officer of an appropriate level of seniority who is most closely involved with the matter in question. The Chief Executive and Clerk, Treasurer and Solicitor will remain accountable for decisions taken by their sub-delegates.

- 3.10 Sub-delegation of functions by any officer to another officer in accordance with this Scheme will not prevent the officer from whom the authority is being delegated from also discharging those functions.
- 3.11 Where authority has been sub-delegated by one officer to another in accordance with this Scheme, such authority can be revoked at any time without prejudice to any previous decisions made under that authority.
- 3.12 Legislation requires that certain functions be exercised by a "**proper officer**". This Scheme sets out LVJB officers who are designated as proper officers in relation to particular functions. An officer who is designated as a proper officer by this Scheme may also designate in writing other officer(s) in his or her service area to exercise those functions as proper officer. Such designation can be revoked at any time by the designating officer without prejudice to any previous actions taken under that designation. Designated proper officers are set out in Appendix 5.
- 3.13 Appropriate records must be kept of any sub-delegations of powers made under the Scheme.

#### **Contract Standing Orders**

- 3.13 Any officer to whom relevant authority is delegated in terms of this Scheme must comply with the terms of the standing orders which apply to all contracts made by or on behalf of LVJB for the procurement of the execution of works, the supply of goods and materials to LVJB and/or for the provision of services ("**Contract Standing Orders**").

#### **4. ASSESSOR AND ELECTORAL REGISTRATION OFFICER**

- 4.1 Subject to the provisions of paragraphs 1 to 3 of this Scheme, the Assessor and Electoral Registration Officer shall have delegated authority to manage all human, financial and other resources within LVJB, including those functions set out in Appendix 1.
- 4.2 The Assessor and Electoral Registration Officer has statutory authority to exercise the powers and discharge the functions of Assessor and Electoral Registration Officer, including those statutory powers and functions set out in Appendix 2.

#### **5. DELEGATION TO CHIEF EXECUTIVE AND CLERK**

5.1 Subject to the provisions of paragraphs 1 to 3 of this Scheme, the Chief Executive and Clerk shall have delegated authority to exercise the functions set out in Appendix 3.

6. **DELEGATION TO TREASURER**

6.1 Subject to the provisions of paragraphs 1 to 3 of this Scheme, the Treasurer shall have delegated authority to exercise the finance functions of the LVJB, including those set out in Appendix 4.

7. **REVIEW**

8.1 This Scheme of Delegation will be reviewed as and when required at a meeting of LVJB, and in any event on no less than a five-yearly basis.



## **APPENDIX 1**

### **GENERAL DELEGATION TO ASSESSOR AND ELECTORAL REGISTRATION OFFICER**

These are the functions referred to in paragraph 4.1 of the Scheme:

#### **Funds, contracts and property**

1. spending money and managing their budget in accordance with LVJB approved resource allocations and with LVJB's Financial Regulations;
2. subject to any policies and/or directions issued by the Treasurer:
  - (a) transferring funds between headings within their approved revenue budget;
  - (b) transferring funds between capital projects included in LVJB's capital budget;

provided that (1) the Assessor and Electoral Registration Officer informs the Treasurer of the transfer and (2) the transfer does not affect revenue or LVJB's capital budget for future years;

3. entering into, terminating, varying, suspending or extending contracts subject to compliance with Contract Standing Orders;
4. declaring property or land surplus to requirements, in consultation with the Chief Executive and Clerk;
5. negotiating, processing and instructing appropriate legal assistance to conclude any rent review of LVJB premises;

#### **Proper officer**

6. acting as proper officer in terms of any provisions of the Local Government (Scotland) Act 1973, the Requirements of Writing (Scotland) Act 1995 and generally any local government legislation and signing all deeds and other documents which are binding on LVJB;

#### **Legal**

7. settling legal actions and claims, where appropriate in consultation with the Solicitor;

8. to initiate, enter, defend or withdraw from judicial or quasi-judicial proceedings in connection with the functions of Assessor and/or Electoral Registration Officer, where appropriate in consultation with the Chief Executive and Clerk, Treasurer and/or Solicitor;
9. initiating, entering into, defending and withdrawing from legal proceedings in consultation with the Solicitor;
10. engaging private legal firms and other agents when he or she may consider this to be necessary in consultation with the Solicitor;
11. engaging counsel for Court of Session or other business as and when he or she may consider the engagement of counsel to be necessary in consultation with the Solicitor;

## Staff

12. appointing employees within agreed staffing levels; ~~up to but excluding Depute Assessor and Depute Electoral Registration Officer;~~
- ~~13. appointing an acting Depute Assessor or Depute Electoral Registration Officer from the staff of LVJB when a Depute Assessor or Depute Electoral Registration Officer is absent or the post is vacant;~~
- ~~14.~~13. changing staffing structures, numbers and gradings in accordance with approved job evaluation arrangements, with the exception of major staffing reviews, where appropriate in consultation with the Treasurer;
- ~~15.~~14. conducting, in consultation with the Chief Executive and Clerk where necessary, disciplinary and grievance proceedings for employees in accordance with LVJB's approved policy and procedures, other than disciplinary or grievance proceedings in relation to the Assessor and Electoral Registration Officer which shall be conducted by the Chief Executive and Clerk or their nominee;
- ~~16.~~15. authorising staff attendance at meetings, training courses, conferences, seminars and other developmental activities;
- ~~17.~~16. remedying inconsistencies in pay or conditions of service in consultation, where appropriate, with the Chief Executive and Clerk and Treasurer;

~~18.17.~~ deciding the following personnel matters in accordance with approved LVJB Policy, schemes and/or guidance:

- (a) approval of paid or unpaid leave for special circumstances, secondment, or leave to work or visit abroad;
- (b) to absent himself/herself or permit any member of staff to leave of absence occasionally and temporarily during business hours to attend to duties or services of a civic, honorary or charitable nature provided that these do not interfere with efficient discharge of duties in accordance with LVJB policies;
- (c) entering into settlement agreements with staff in relation to their employment with the LVJB in consultation with the Solicitor, and subject also to consultation with the Convener;
- (d) save in the case of the Assessor and Electoral Registration Officer, where the decision shall be reserved to LVJB, making decisions in relation to Local Government Pension Scheme membership (including, for example, early payment of pensions, late transfers, late applications to pay optional pensions contributions, augmented membership, additional pensions, and fraud/forfeiture cases);
- (e) extension of sickness allowance;
- (f) recovery of maternity pay;
- (g) closure of buildings in emergency or exceptional circumstances and early closure during the festive season;
- ~~approval of application for car loans via the scheme administered by the City of Edinburgh Council;~~
- (h) to operate a car leasing scheme approved by LVJB;
- (i) approval of transfer of annual leave;
- (j) approval of overtime;
- (k) approval of applications for secondary employment;
- (l) authorisation of payments for lectures, speeches etc. to external organisations;

- (m) determination of claims of up to £250 for damage to or loss of the personal property of employees;
- (n) payment of removal expenses and allowances;
- (o) payment of car users' allowances;
- (p) authorisation of telephone allowances;
- (q) placement of employees on appointment on a point within a grade or grades applicable to the posts;
- (r) authorisation of leave of absence for members of staff to undertake courses of further education in accordance with LVJB Policies;
- (s) establishment and filling of fixed term posts in accordance with the relevant LVJB Policy;
- (t) in relation to staffing matters, instructing the immediate implementation of any circular from any officially recognised body which allows no discretion to LVJB and reporting the terms of such circulars to LVJB for information;

### **Health and Safety**

[19.18.](#) implementing LVJB's Health and Safety Policy and arrangements;

### **Health and Wellbeing**

[20.19.](#) implementing LVJB's Health and Wellbeing arrangements;

### **Use of land and buildings**

[21.20.](#) approving the temporary closure of property owned, occupied or managed by LVJB to:

- (a) ensure the safety of LVJB staff or members of the public; or
- (b) undertake essential planned maintenance;

subject to consultation with the Convener or Vice-Convener, and the Leader of each of the constituent local authorities and insertion of a public notice in the press informing the public of the closure when relevant;

~~22.21.~~ regulating access to, and conduct of persons on property owned, occupied or managed by LVJB, including ejection and expulsion from property;

### **Hospitality**

~~23.22.~~ approving reasonable expenditure on hospitality in accordance with LVJB Policy;

~~24.23.~~ approving reasonable expenditure on overseas visits by officers in accordance with LVJB Policy;

~~25.24.~~ to promote, market and present events in accordance with LVJB Policy;

### **Write off**

~~26.25.~~ writing off or disposing of any stores, plant, furniture, equipment, or any other tangible asset in accordance with the Financial Regulations provided that:

(a) the stores, plant, furniture, equipment or such asset has become unfit for use and unsaleable; and

(b) the decision is made in consultation with the Treasurer;

### **Access to information**

~~27.26.~~ responding to requests for information made to the LVJB under the Freedom of Information (Scotland) Act 2002; Environmental Information (Scotland) Regulations 2004; INSPIRE (Scotland) Regulations 2009 and the Data Protection Act 1998;

~~28.27.~~ monitoring the management of LVJB records in line with the provisions of the Public Records (Scotland) Act 2011;

### **Consultations**

~~29.28.~~ responding to consultations from external bodies seeking the input of LVJB to the extent necessary to provide any technical, scientific, or other factual information, or professional opinion or analysis of an operational nature; and

### **Fees and charges**

30. setting at a reasonable level the fees and charges payable by persons requesting copies of the valuation roll and/or the council tax list, including certified information, and altering the said fees and charges from time to time.

## **APPENDIX 2**

### **STATUTORY POWERS AND FUNCTIONS OF THE ASSESSOR AND ELECTORAL REGISTRATION OFFICER**

These are the statutory powers and functions referred to in paragraph 4.2 of the Scheme:

#### **1. Assessor**

1.1 The Assessor and Electoral Registration Officer acts as Assessor for the Constituent Authorities in terms of section 27(4) of the Local Government (Scotland) Act 1994, and in so acting exercises the statutory powers and functions set out in:

- (a) the Lands Valuation (Scotland) Act 1854;
- (b) the Valuation and Rating (Scotland) Act 1956;
- (c) the Local Government (Scotland) Act 1975;
- (d) the Abolition of Domestic Rates Act 1987;
- (e) the Local Government Finance Act 1992;
- (f) the Local Government etc. (Scotland) Act 1994;
- (g) the Local Government and Rating Act 1997;
- (h) the Local Government in Scotland Act 2003; ~~and~~
- (i) the **Non-Domestic Rates (Scotland) Act 2020**; and
- (j) all other relevant primary and secondary legislation relating to the statutory powers and functions of the role of Assessor.

#### **2. Electoral Registration Officer**

2.1 the Assessor and Electoral Registration Officer acts as Electoral Registration Officer for the Constituent Authorities and in so acting exercises the statutory powers and functions set out in:

- (a) the Representation of the People Act 1983;

(b) the Representation of the People (Scotland) Regulations 2001;

~~(c) the European Parliamentary Elections Regulations 2004;~~

~~(d)~~(c) any Order governing local government elections in Scotland;

~~(e)~~(d) any Order governing Scottish Parliamentary elections in Scotland;

~~(f)~~(e) any legislation, including but not limited to the Political Parties, Elections and Referendums Act 2000, regarding the conduct of referendums in Scotland and/or the wider United Kingdom; and

~~(g)~~(f) all other relevant primary and secondary legislation relating to the statutory powers and functions of the role of Electoral Registration Officer.



**APPENDIX 3 – DELEGATION TO CHIEF EXECUTIVE AND CLERK**

These are the powers and functions referred to in paragraph 5.2 of the Scheme:

1. acting as advisor to LVJB on procedural and administrative matters and in this capacity to ensure the provision of adequate administrative and other support to LVJB and its Sub-committees;
2. arranging meetings and proceedings of LVJB as set out in section 43 and Schedule 7 of the Local Government (Scotland) Act 1973;
3. acting as proper officer in terms of any provisions of the Local Government (Scotland) Act 1973, the Requirements of Writing (Scotland) Act 1995 and generally any local government legislation and signing all deeds and other documents which require to be sealed with the Common Seal of the LVJB or are binding on the LVJB;
4. conducting disciplinary or grievance proceedings in relation to the Assessor and Electoral Registration Officer, or delegating the conduct of those proceedings, in writing, to an officer of Head of Service grade or above within the Constituent Authority which employs the Chief Executive and Clerk; and
5. appointing an acting Assessor from the staff of the Assessor's Office when the Assessor is absent for a long time or the post is vacant.

## **APPENDIX 4**

### **DELEGATION TO TREASURER**

These are the powers and functions referred to in paragraph 6 of the Scheme:

1. establishing and maintaining a financial framework which provides for the effective management control and review of LVJB, including monitoring and reporting procedures;
2. determining the accounting and financial records and procedures of LVJB;
3. establishing and maintaining effective arrangements in respect of LVJB's treasury management, pensions and the safeguarding of LVJB assets including risk management and insurance;
4. creating, closing and operating bank accounts on behalf of LVJB;
5. approving and making payments due to Her Majesty's Revenue and Customs;
6. carrying out LVJB's treasury management and management of relevant funds in accordance with the relevant LVJB Policy;
7. the pooling and treasury management of all surplus funds in the LVJB's budget and all executive treasury management decisions in accordance with LVJB Policy, ~~the Chartered Institute of Public Finance's "Code for Treasury Management in Local Authorities"~~ and ~~any other~~ relevant professional guidance;
8. exercising all borrowing and lending by LVJB in accordance with LVJB Policy;
9. determining suitable banking and advisory services for LVJB;
10. effecting suitable insurance cover and negotiating with LVJB's insurers for all claims in consultation with other officers where necessary;
11. reviewing annually all insurances in consultation with the Assessor and Electoral Registration Officer where necessary and reporting annually to the Convener or Vice Convener;

12. on taking appropriate advice where necessary, determining specific purchases and sales of stocks, shares and/or any other permissible investments in accordance with LVJB Policy;
13. reviewing and amending as appropriate the financial limits given in the Financial Regulations every year, in line with the relevant inflation indices; and
14. collecting and where necessary recovering debt, and where appropriate authorising the write-off of debt, in accordance with LVJB Policies.



**APPENDIX 5**  
**PROPER OFFICER FUNCTIONS**

<u>Proper Officer Function</u>	<u>Legislation</u>	<u>Officer</u>
Circulating reports and agendas, supplying papers to the press and, where necessary, providing summaries of minutes	sections 50B(2), 50B(7) and 50C(2) of the Local Government (Scotland) Act 1973	Chief Executive and Clerk
Compilation of background papers for inspection	section 50D of the Local Government (Scotland) Act 1973	Assessor and Electoral Registration Officer, Chief Executive and Clerk, Treasurer and Solicitor
Members' rights of access to documents which enclose "exempt information"	section 50F(2) of the Local Government (Scotland) Act 1973	Chief Executive and Clerk
Financial administration	Section 95 of the Local Government (Scotland) Act 1973	Treasurer
Service of legal proceedings etc.	section 190 of the Local Government (Scotland) Act 1973	Solicitor
Claims in sequestrations and liquidations	section 191 of the Local Government (Scotland) Act 1973	Treasurer
Authentication of documents and execution of deeds	sections 193 and 194 of the Local Government (Scotland) Act 1973 and the Requirements of Writing (Scotland) Act 1995	Solicitor
Inspection and deposit of documents	section 197 of the Local Government (Scotland) Act 1973	Solicitor

Appendix 5 – Proper Officer Functions

Notice of Meeting	Schedule 7 of the Local Government (Scotland) Act 1973	Chief Executive and Clerk
Politically restricted posts	section 2 of the Local Government and Housing Act 1989	Chief Executive and Clerk

# **LOTHIAN VALUATION JOINT BOARD**

## **CONTRACT STANDING ORDERS**

## Contents

1.	Preliminary, definitions and general principles	3
2.	Procedures	6
3.	Role and responsibilities of Directors	7
4.	Tender documents	9
5.	Evaluation of tenders and quotes	9
6.	Acceptance and award of contracts	10
7.	Eligibility to tender and termination, variation or suspension of a contract	10
8.	Electronic procurement	11
9.	Waiver of Contract Standing Orders	11
10.	Contract extensions or variations	12
11.	Review of Contract Standing Orders	12
	Schedule: Relevant values and associated tendering procedure.	13
	Contract Standing Orders flow chart	16



## CONTRACT STANDING ORDERS

These Contract Standing Orders (the “Standing Orders”) of the Lothian Valuation Joint Board (“LVJB”) apply from ~~[TBC] 20218-February-2016~~ and apply (with certain exceptions) to all contracts made by or on behalf of LVJB for the procurement of the execution of works, the supply of goods and materials to LVJB, and/or for the provision of services.

### 1 Preliminary

#### 1.1 Extent and interpretation

- 1.1.1 These Standing Orders must be interpreted in accordance with the key principles of transparency, equal treatment, non-discrimination and proportionality.
- 1.1.2 These Standing Orders apply from ~~[TBC] 20218-February-2016~~ and apply, subject to the provisions of Standing Order 1.1.4, to all contracts made by or on behalf of LVJB for the procurement of the execution of works, the supply of goods and materials to LVJB, and/or for the provision of services (including consultancy services).
- 1.1.3 The Standing Orders are subject to the over-riding provisions of ~~European Union~~, United Kingdom, or Scottish legislation. They are also, to the extent relevant, subject to any ~~EU Commission~~, UK government or Scottish Government guidance on public procurement that may be issued from time to time.
- 1.1.4 The Standing Orders do not apply to any of the following:
  - 1.1.4.1 contracts of employment;
  - 1.1.4.2 contracts solely relating to the lease or disposal of heritable property;
  - ~~1.1.4.2~~1.1.4.3 contracts with statutory or public bodies on the basis of an exclusive right enjoyed by law;
  - ~~1.1.4.3~~1.1.4.4 circumstances in which a waiver of the Standing Orders has been granted in accordance with Standing Order 9.
- 1.1.5 The Standing Orders must be read in conjunction with, and all LVJB staff must comply with, the Scheme of Delegation to Officers, and the Financial Regulations. Where there is any discrepancy, the Standing Orders shall take precedence.
- 1.1.6 Failure to comply with these Standing Orders when making purchases or seeking offers may result in disciplinary action.

- 1.1.7 Any query regarding the application or interpretation of these Standing Orders should be made in the first instance to the Assessor.

## 1.2 Definitions and interpretation

- 1.2.1 “Act” means the Procurement Reform (Scotland) Act 2014;
- 1.2.2 “Assessor” means the Assessor and Electoral Registration Officer, the individual responsible for the day to day management of LVJB, LVJB being the procuring service in terms of these Standing Orders;
- 1.2.3 “Best Value” means the legal duty to secure continuous improvement in the performance of a local authority’s functions as set out in section 1 of the Local Government in Scotland Act 2003 as follows:-
- “1 Local authorities' duty to secure best value**
- (1) It is the duty of a local authority to make arrangements which secure best value.
- (2) Best value is continuous improvement in the performance of the authority's functions.
- (3) In securing best value, the local authority shall maintain an appropriate balance among—
- (a) the quality of its performance of its functions;
- (b) the cost to the authority of that performance; and
- (c) the cost to persons of any service provided by it for them on a wholly or partly rechargeable basis.
- (4) In maintaining that balance, the local authority shall have regard to—
- (a) efficiency;
- (b) effectiveness;
- (c) economy; and
- (d) the need to meet the equal opportunity requirements.
- (5) The local authority shall discharge its duties under this section in a way which contributes to the achievement of sustainable development.
- (6) In measuring the improvement of the performance of a local authority's functions for the purposes of this section, regard shall be had to the extent to which the outcomes of that performance have improved.
- (7) In this section, “*equal opportunity requirements*” has the same meaning as in Section L2 of Part II of Schedule 5 to the Scotland Act 1998 (c.46);
- 1.2.4 “Constituent Authorities” means the authorities which have delegated their valuation and electoral registration functions to LVJB, namely the City of Edinburgh Council, East Lothian Council, Midlothian Council and West Lothian Council, and the phrase “Constituent Authority” shall be interpreted accordingly;
- 1.2.5 “Contract Owner” means the nominated contract owner for a specific contract;
- 1.2.6 “Convener” means the Convener of LVJB, a committee or sub-committee of LVJB;

1.2.7 ~~“Procurement ThresholdsEU Thresholds”~~ means the prescribed threshold values set for the supply of goods, services or works as they may be amended from time to time under the Regulations ~~the prescribed threshold values set by the EU Commission for supply, services or works contracts as they~~ may be amended from time to time;

1.2.8 “Procurement Requirement” means a document setting out as a minimum:-

1.2.8.1 what is LVJB's requirement for the goods, works or services and why do we need it?

1.2.8.2 what are all the available options, including internal provision, which is the best and why?

1.2.8.3 can and should LVJB afford it?

1.2.8.4 what are the proposed supplier management arrangements and who is the nominated Contract Owner as required by Contract Standing Orders?

1.2.8.5 how do we track, measure and account for the benefits?

1.2.9 “Regulations” means the Public Contracts (Scotland) Regulations 2015~~2~~, the Procurement (Scotland) Regulations 2016 and/or successor legislation (as amended from time to time);

~~4.2.91.2.10~~ 1.2.10 “Regulated Procurement” means a procedure to award a regulated contract being a public contract which is equal to or greater than £50,000 or £2m for works contracts, as those said thresholds may be amended from time to time;

~~4.2.101.2.11~~ 1.2.11 “Solicitor” means the solicitor to LVJB as appointed by LVJB;

~~4.2.111.2.12~~ 1.2.12 “Schedule” means the schedule to these Standing Orders; and

~~4.2.121.2.13~~ 1.2.13 “Standing Orders” means these standing orders including the Schedule and “Standing Order” shall be interpreted accordingly; and

~~4.2.131.2.14~~ 1.2.14 “Treasurer” means the treasurer of LVJB appointed by LVJB in terms of paragraph 4 of Schedule 2 to the Valuation Joint Boards (Scotland) Order 1995.

### 1.3 General Principles

1.3.1 The relevant officer with responsibility for procuring shall, prior to commencing any procurement process, ensure that an appropriate Procurement Requirement that meets the strategic and service objectives of LVJB is completed in order to ensure that Best Value is achieved and that the Procurement Requirement complies with relevant sustainable development and equality requirements. Where the approximate value of any proposed procurement is likely to exceed £50,000 the relevant Procurement Requirement or options appraisal shall require the approval of the Treasurer prior to proceeding to procurement.

1.3.11.3.2 All potential contracts above the Procurement Thresholds Regulated Procurement must comply with the general principles of equal treatment, non-discrimination, transparency and proportionality. Procurements must not be designed with the intention of unduly favouring or disadvantaging any potential tenderer.

1.3.21.3.3 Throughout the life of a contract the contract should be monitored by the Contract Owner in respect of performance; compliance with the specification and other terms of the contract; cost and benefits; Best Value requirements; equality requirements, delivery and risk management.

1.3.31.3.4 All procedures for initiating procurement, developing procurement plans, inviting and receiving tenders, approval of contracts, and all contractual arrangements entered into shall comply with LVJB's equality and sustainability requirements and policies and, where appropriate, contractual or procurement arrangements shall include the use of community benefit clauses.

1.3.41.3.5 All expenditure must comply with LVJB's Financial Regulations.

## **2 Procedures**

2.1 In addition to the obligations in Standing Order 1.3.43, before commencing a tendering procedure or making a purchase where no contract exists the Assessor shall consult with the Treasurer where appropriate to establish whether:

2.1.1 any existing contracts or framework contracts accessible to LVJB may fulfil their requirements; or

2.1.2 there is any existing provision within one of the Constituent Authorities or other resources which could be used.

2.2 Unless there is no suitable existing contract or framework contract in relation to a particular Procurement Requirement of LVJB, LVJB shall in relation to all relevant Procurement Requirements seek to use existing contracts, framework contracts or existing provision within one of the Constituent Authorities.

- 2.3 The procedure for the award of any contract shall depend upon the estimated aggregated value of that contract. ~~Regulatory duties~~~~The EU rules~~ on aggregation of contracts shall apply and the artificial splitting of purchase orders or requirements to avoid the application of these Standing Orders is not permitted.
- 2.4 Subject to Standing Order 9, or where otherwise legally permitted in respect of proposed contracts which exceed the ~~Procurement Thresholds~~~~EU Thresholds~~, the minimum associated tendering procedures that must be applied are detailed in the Schedule.
- ~~2.5~~ The general ~~EU~~ principles of equal treatment, non discrimination, transparency and proportionality require a degree of advertising to enable open competition apply to all public contracts.
- ~~2.52.6~~ For all purchases in excess of £50,000 for the supply of goods and services and £2 million for works the sustainable procurement duty introduced by the Act requires that LVJB must consider how it can improve the social, environmental and economic wellbeing of the area in which it operates and then act in that way, all as provided for in the Act.
- ~~2.62.7~~ LVJB may reserve the right to participate in a tendering procedure to providers operating supported businesses, supported employment programmes or supported factories where more than ~~35~~0% of the workers are disabled ~~or disadvantaged~~ persons in accordance with the Regulations. Where this right is exercised by LVJB the contract award procedures provided by the Regulations and Act shall be followed.
- ~~2.72.8~~ Where legally permissible LVJB shall seek to ensure that for purchases or contracts of an estimated value of £50,000 or less that at least one Small or Medium Enterprise (SME) from the Constituent Authorities or an SME who is a significant employer within the Constituent Authorities is invited to tender in any process. For future repeat procurements for similar goods, services or works LVJB shall seek to ensure that at least one new SME from the Constituent Authorities or a new significant employer within the Constituent Authorities is invited to tender in any process.
- ~~2.82.9~~ Direct purchasing below £~~53~~,000 without competitive tendering is permissible subject to the duty to secure Best Value. Best Value will normally be secured by seeking 3 quotes and/or evidence of firm fixed prices where possible.
- ~~2.92.10~~ The Treasurer shall be consulted as appropriate in respect of tendering arrangements for any proposed contracts with an estimated value of between £~~53~~,000 and £50,000.
- ~~2.102.11~~ The Treasurer shall advise on, and, as appropriate, make, tendering arrangements for any proposed contracts with an estimated value in excess of £50,000.

2.112.12 Direct purchasing above £53,000 without competitive tendering is permissible only in those circumstances that would be permitted by the Act, the Regulations or in accordance with Standing Order 9.

2.122.13 If an unsuccessful tenderer brings a written or formal challenge against LVJB in relation to a tender exercise/contract award or questions the integrity of the tender process/contract award, the recipient of the notice of challenge or other question shall inform the Treasurer and the Solicitor.

### **3 Role and Responsibilities**

3.1 The Assessor retains responsibility for selecting and appointing contractors, providers or suppliers for LVJB, but shall seek guidance as appropriate from the Treasurer. The Treasurer shall be consulted at the earliest opportunity to ensure that all purchasing arrangements are made in compliance with these Standing Orders.

3.2 The Assessor has responsibility for all contracts tendered and let by LVJB and is accountable to LVJB for the performance of their duties in relation to contract letting and management, which are:

3.2.1 to ensure compliance with these Standing Orders;

3.2.2 to ensure no contract is entered into by LVJB without seeking advice where appropriate from the Treasurer and the Solicitor and having proper regard to such advice;

3.2.3 to ensure that appropriate contract security (for example guarantees or performance bonds) is obtained where required or considered prudent;

3.2.4 to prepare and approve where required by these Standing Orders an appropriate Procurement Requirement for each proposed purchase or contract;

3.2.5 to prepare, in consultation with the Solicitor and Treasurer, appropriate contract and tender documents which clearly specify the scope, quality and quantity of the works, goods or services;

3.2.6 to check whether there is any existing LVJB framework, Constituent Authority framework or other collaborative framework that can appropriately be used to achieve Best Value for LVJB before undergoing a further competitive tender process;

3.2.7 to keep all bids confidential subject to any legal requirements;

3.2.8 to ensure no supplier is requested by LVJB to provide goods, services or works without first having a valid purchase order in place;

3.2.9 to enter all purchase order information onto the relevant LVJB financial system prior to the service or goods being delivered;

- 3.2.10 to ensure that all necessary contract information for contracts of a value of £3,000 or more for goods and services and £10,000 or more for works is provided to the Treasurer for the purposes of maintaining an up-to-date contract register within one month of entering into a contract;
- 3.2.11 to ensure all relevant staff are familiar with these Standing Orders or other guidance issued in respect of these Standing Orders;
- 3.2.12 to ensure contracts and any appropriate contract security documents are signed before work, services or supply provision commences;
- 3.2.13 to put in place arrangements for efficient supplier management including the identification of a Contract Owner and monitoring of benefits and performance, for the entire duration of the contract;
- 3.2.14 to retain a copy of the contract and keep proper records of all contracts and tenders, including minutes of tender evaluation panels and other meetings;
- 3.2.15 to take immediate action in the event of a breach of these Standing Orders;
- 3.2.16 to consult with [the elected Members of LVJB](#) on matters reasonably considered politically, reputationally or financially sensitive in relation to proposed procurement activity; and
- 3.2.17 to make appropriate arrangements for the opening of [all](#) tenders and their secure retention so as to protect the integrity of the procurement process. ~~and where tenders are received in paper form to ensure tenders they~~ are opened in the presence of an officer nominated by the Assessor together with a witness. [For particularly significant or complex projects or contracts, the Assessor shall ensure that tenders are opened in the presence of an officer nominated by the Treasurer together with a witness.](#)

~~3.2.17.1 For particularly significant or complex projects or contracts, the Assessor shall ensure that tenders are opened in the presence of an officer nominated by the Treasurer together with a witness.~~

#### **4 Tender Documents**

- 4.1 The tender documents shall clearly set out the proposed method of evaluation as well as the scope, timing, quality and quantity of the works, services and supplies required by LVJB.
- 4.2 The Solicitor will be consulted:

4.2.1 on conditions of contract for particularly significant or complex projects or contracts; and/or

4.2.2 where LVJB is participating in a collaborative procurement arrangement with local, Scottish or UK governments, associated professional organisations or other public sector bodies.

## 5 Evaluation of Tenders and Quotes

~~5.1~~ Tenders and quotes shall be evaluated on the basis of the most economically advantageous and the best price-quality ratio. The award of a contract on the basis of lowest cost alone shall be limited to low value and straightforward requirements which are below the Procurement Threshold values and only with the prior agreement of the Assessor and the Solicitor or Treasurer, either of the following:

~~5.2~~ a) lowest cost; or

~~5.35.1~~ b) most economically advantageous.

~~Lowest cost should generally only be the basis of evaluation for simple procurements of short-term, low-level services or goods of a standard specification.~~

~~5.45.2~~ Tenders and quotes received after the closing date and time stipulated for return of tenders, or tenders which are incomplete or in an incorrect format will not be opened or considered unless the Assessor, acting proportionately, decides that there are circumstances which allow it to exercise discretion in allowing consideration of the tender. The Treasurer must be consulted if tenders are submitted late, incomplete or in an incorrect format.

~~5.55.3~~ Tenders shall be evaluated by a tender evaluation panel which should comprise officers having sufficient knowledge and technical ability to enable them to evaluate detailed tenders appropriately. The evaluation process shall follow any guidance issued by the Treasurer and be fully and appropriately documented.

## 6 Acceptance and Award of Contracts

6.1 Following the conclusion of the procedure for awarding contracts set out in these Standing Orders and, where applicable, the expiry of the mandatory standstill period, the resulting contract between LVJB and the successful tenderer shall be entered into following the approval process detailed in the Schedule. The signing of the contract document or letter of acceptance shall be in accordance with the Scheme of Delegation.



## **7 Eligibility to tender and termination, variation or suspension of a contract**

7.1 The Assessor, having due regard to legal advice from the Solicitor, may treat a potential tenderer as ineligible to tender where there are reasonable grounds to conclude that the contractor or potential tenderer:

7.1.1 has committed an act of grave misconduct in the course of their business or profession; or

7.1.17.1.2 has shown significant or persistent deficiencies in the performance of a substantive requirement under a prior public contract which led to early termination of that prior contract, damages or other comparable sanctions, subject to consideration by LVJB of any measures taken to demonstrate reliability; or

7.1.27.1.3 falls within one or more of the other relevant grounds set out in Regulation 23 of the Regulations or

7.1.37.1.4 has compiled, used, sold or supplied a prohibited list which: (i) contained details of persons who are or have been members of trade unions or persons who are taking part or have taken part in the activities of trade unions, and (ii) was compiled with a view to being used by employers or employment agencies for the purposes of discrimination in relation to recruitment or in relation to the treatment of workers, within the meaning of the Employment Relations Act of 1999 (Blacklists) Regulations 2010.

7.2 The Assessor may, in consultation with the Treasurer and/or the Solicitor where required, terminate, suspend or vary a contract, in accordance with the express or implied terms of the contract and may also take such further action with regard to any contract as LVJB is legally entitled to take.

7.3 The Assessor, will where appropriate, report any actions taken in accordance with Standing Order 7.1 to 7.3 to the next LVJB meeting.

## **8 Electronic Procurement**

8.1 Requests for quotations and invitations to tender should where practicable be issued and/or received by electronic means.

## **9 Waiver of Contract Standing Orders**

9.1 The requirement to comply with any provision of these Standing Orders may be waived in accordance with the table in 9.2 below if on considering a written report by an appropriate officer it is considered that the waiver is justified because:-

9.1.1 the circumstances of the proposed contract are covered by legislative exemptions including the nature of the market for the works to be carried out or the goods or services to be provided has

been investigated and is demonstrated to be such that a departure from the requirement of Standing Orders is justifiable in accordance with EU-relevant law and principles (for example when for artistic or technical reasons, or for reasons connected with the protection of exclusive rights, the contract may only be awarded to a particular provider) or the contract is for works, goods or services that are required in circumstances of extreme urgency that could not have been foreseen; or

9.1.2 it is in LVJB's best interests.

9.2 Table setting out the relevant values and waiver approval requirements:

Value	Reason	Approval Procedure
0-£50,000 <u>(excluding contracts above £25,000 for the appointment of a consultant<sup>14</sup>)</u>	9.1.1 <u>Legislative EU</u> exemptions 9.1.2 best interests	The Assessor in consultation with the Treasurer where appropriate
£50,000-£250,000 <u>(excluding contracts for the appointment of a consultant<sup>14</sup>)</u>	9.1.1 <u>Legislative EU</u> exemptions 9.1.2 best interests	The Assessor in consultation with the Treasurer and the Chief Executive and Clerk
Above £250,000 for services <del>or</del> goods contracts and <u>or above £250,000 for works contracts</u> <u>(excluding contracts for the appointment of a consultant<sup>14</sup>)</u>	9.1.1 <u>Legislative EU</u> exemptions <u>9.1.2 best interests</u>	LVJB
Above £25,000 <u>for the appointment of a consultant<sup>14</sup></u>	<u>9.1.1 Legislative exemptions</u> <u>9.1.2 best interests</u>	LVJB

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9.3 A record of the decision approving a waiver must be kept by the Assessor and a copy of such signed waiver provided to the Treasurer who shall where appropriate make an entry in the appropriate register.

## 10 Contract extensions or variations

10.1 Subject to 10.2, the Assessor may authorise in consultation with the Treasurer an extension to a contract, or any other variation including a consequent change in price, provided such extension or variation is not contrary to the Act, the Regulations or LVJB's legal EU obligations and that any consequent change in price does not exceed £10,000 without first obtaining the approval of LVJB.

10.2 The Assessor shall not extend or vary a contract if such extension or variation is not expressly permitted by the contract without seeking advice from the Solicitor.

10.3 The ~~regulatory~~<sup>EU</sup> rules on aggregation of contracts shall apply.

## **11 Review of Contract Standing Orders**

11.1 These Contract Standing Orders will be reviewed as deemed appropriate by LVJB, and in any event on at least a five-yearly basis.

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<sup>11</sup> "Consultant" means a specialist who charges a fee for providing advice or services such as but not limited to business or project management, human resources, environment, communication, information technology, property and estates and financial services, but excluding (i) agency, secondments and temporary workers, (ii) professional services provided by solicitors, counsel and actuaries, and (iii) technical or specialist services required for works contracts or proposed works contracts such as quantity surveyors, cost consultants, design engineers and architects;

**SCHEDULE**

**RELEVANT VALUES AND ASSOCIATED TENDERING PROCEDURE**

Total value for duration of contract or purchase (aggregation rules apply)	Procedure	Approval of contractual obligation	LVJB Approval
Up to <del>£50,000</del> <b>£53,000</b>	<p><b>Appropriate choice of provider</b> documenting reasoning and quote <i>or</i> use existing local, national, LVJB or Constituent Authority framework or call- off contracts <i>or</i> Public Contracts Quick Quote facility.</p> <p>Best Value must be delivered and <u>will normally be secured by seeking 3 quotes and/or evidence of firm fixed prices where possible will usually be demonstrated by more than one quote.</u></p>	<b>Assessor</b>	Not required
<del>£50,000 to £50,000</del> <b>£53,000 to £50,000 *</b>	<p><b>3 written/formal quotations</b> –written description of requirements followed by written / electronic submission of quotes <b>(-only for contracts worth up to £25,000)</b> <i>or</i> use existing local, national, LVJB or Constituent Authority framework or call- off contracts <i>or</i> Public Contracts Quick Quote facility.</p>	<b>Assessor, in consultation with Treasurer as appropriate</b>	Not required
<del>£50,000 and above to EU Thresholds for services and supplies</del> <b>£50,000 and above to EU Thresholds for services and supplies *</b>	<p><b>Invitation to tender following public advertisement</b> - Public Contracts Scotland portal and/or equivalent should be used <i>or</i> use existing local, national, LVJB or Constituent Authority framework or call- off contracts</p>	<b>Assessor, in consultation with Treasurer and <u>the Chief Executive and Clerk Solicitor</u> as appropriate up to <u>£250,000</u></b>	<u>Where the value exceeds £250,000 (£25,000 in the case of services of a consultant) approval to award to be sought from Lothian Valuation Joint Board. Not required</u>
<del>£50,000 and above to EU</del> <b>£50,000 and above to EU</b>	<b>Invitation to tender following public advertisement</b> - Public Contracts Scotland portal and/or equivalent should be used	<b>Assessor, in consultation with Treasurer and <u>the Chief Executive and Clerk Solicitor</u></b>	<u>Where the value exceeds £250,000, approval to</u>

<p><b>Thresholds for works</b></p>	<p>or use existing local, national, LVJB or Constituent Authority framework or call-off contracts or Public Contracts Quick Quote facility up to a value of £50,000.</p>	<p><b>as appropriate up to £250,000</b></p>	<p><a href="#">award to be sought from Lothian Valuation Joint Board</a> <del>Approval to award sought from LVJB</del> where value exceeds <del>£250,000</del></p>
<p><del>Above <b>£500,000</b> EU Threshold for services and supplies*</del></p>	<p><del>Invitation to tender following advertisement in OJEU – Public Contracts Scotland portal and/or equivalent should be used or use existing local, national, LVJB or Constituent Authority framework or call-off contracts</del></p>	<p><del>Assessor, in consultation with the Chief Executive and Clerk, Treasurer and Solicitor as appropriate up to £250,000</del></p>	<p><del>Approval to award sought from LVJB where value exceeds £250,000 or £25,000 in the case of services of a consultant.</del></p>
<p><del>Above EU Threshold for works</del></p>	<p><del>Invitation to tender following advertisement in OJEU – Public Contracts Scotland portal and/or equivalent should be used or use existing local, national, LVJB or Constituent Authority framework or call-off contracts</del></p>		<p><del>Approval to award sought from LVJB</del></p>

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## **Recruitment of a Permanent Assessor and Electoral Registration Officer**

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**10.00am, Monday, 14 June 2021**

### **Purpose of report**

1. This report provides an update to the Lothian Valuation Joint Board (LVJB) on the recruitment timetable for a permanent Assessor and Electoral Registration Officer (ERO).

### **Background**

2. Due to the uncertainty caused by COVID 19 the recruitment panel agreed in June 2020 to suspend the search for a permanent Assessor and ERO and make an interim appointment.
3. An interim Assessor and ERO has been in place since September 2020 and will continue in post until a permanent Assessor and ERO is appointed.

### **Main Report**

4. The appointment committee was due to formally reconvene on 4<sup>th</sup> June 2021 to discuss a revised recruitment timetable. As the meeting was not quorate it was agreed that a paper detailing the recruitment timetable would be brought to the next Board meeting for noting.
5. Appendix 1 provides an outline of the recruitment timescale which the Board is asked to note.
6. The recruitment campaign for the role will include using MyJobScotland the LVJB website, direct marking to current Assessor and EROs across Scotland and internal promotion of the role within the LVJB.
7. Shortlisted candidates will be invited to a 'Team' Interview and will be asked to prepare a presentation on a relevant topic.

8. Appointment committee members are asked to note that they must attend the shortlisting meeting to be eligible to undertake the interviews in July 2021

## **Recommendations**

9. The Board is asked to note the revised recruitment timetable.

**Hugh Dunn**

**Treasurer**

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**Appendices**      Appendix 1 – Recruitment Timeline

**Contact/Tel**      Steven Wright, Resources and Talent Manager | E-mail:  
[steven.wright@edinburgh.gov.uk](mailto:steven.wright@edinburgh.gov.uk) | Tel: 07710386428

**Background  
Papers**



## Assessor & ERO Recruitment Timeline



Key Activity / Milestones	Proposed Timescales	Length of time required	Lead /Owner
Appointment committee reconvenes	Friday 4 <sup>th</sup> June	2pm – 2.30pm Teams call	Joint Board Appointment Committee
Search period commences	Monday 7 <sup>th</sup> June	-----	Steven Wright Resources & Talent Manager
Search period ends	Friday 18 <sup>th</sup> June	-----	Steven Wright Resources & Talent Manager
Short list agreed with the appointment committee	Friday 25 <sup>th</sup> June	10am – 11.00am Teams call	Joint Board Appointment Committee
Interviews	2 <sup>nd</sup> & 5 <sup>th</sup> July	All day (2days)	Joint Board Appointment Committee
Ratification of appointment committee's recommendation at LVJB meeting	Monday 2 <sup>nd</sup> September	Meeting already scheduled	Joint Board Appointment Committee

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## Membership Update

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14 June 2021

### 1 Introduction

- 1.1 This report informs the Board of a vacancy on the membership and asks members to consider whether there is a reason for the absence of Councillor Munro from Lothian Valuation Joint Board meetings.

### 2 Main Report

#### Vacancy

- 2.1 Councillor Dave King passed away in May 2021 and therefore there is now a vacancy on the Board. West Lothian Council will appoint a member to this position in due course and the Board will be informed.

#### Non-attendance at meetings

- 2.2 As set out in Standing Order 28, subject to the terms of the Local Government (Scotland) Act 1973, if a member does not attend any meetings for six months of the Board or any Sub-Committee, the Clerk must tell the Board (unless the member has been granted leave of absence by the Board). The Board will consider whether the absence was caused by some reason approved by them and if they are not satisfied about the cause, the member will cease to be a member of the Board.
- 2.3 Councillor Munro (Midlothian Council) has been absent from Board meetings for six months. The Board is therefore asked to consider the reason for this absence and whether it is satisfied. The Clerk has been advised that Councillor Munro has been unable to attend due to his considerable work commitments but would make arrangements for a colleague to substitute when required in future.

### 3 Recommendations

It is recommended that the Board:

- 3.1 Considers whether there is a reason for Councillor Munro's absence.

3.2 Notes that West Lothian Council will appoint a member to the vacancy in due course.

**Andrew Kerr,  
Chief Executive & Clerk**

**Appendices:** None.

**Contact:** Rachel Gentleman, Committee Officer, [rachel.gentleman@edinburgh.gov.uk](mailto:rachel.gentleman@edinburgh.gov.uk)