

Notice of Meeting and Agenda

10.00am, Monday, 7th February, 2022

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 27 October 2021 – 5 - 8
submitted for approval as a correct record

4. Reports

- 4.1** Assessor's Progress Report to the Lothian Valuation Joint Board 9 - 30
– Report by the Assessor and Electoral Registration Officer
- 4.2** Council Tax Valuation Process Internal Audit Review – Report by 31 - 54
the Head of Governance
- 4.3** Revenue Budget 2022/23 and Indicative Financial Plan 2023/24 - 55 - 62
2026/27 – Report by the Treasurer

4.4	Period 8 Financial Statement 2021/22 – Report by the Treasurer	63 - 68
4.5	Annual Treasury Management Strategy – Report by the Treasurer	69 - 70
4.6	Membership Update – Report by the Chief Executive and Clerk	71 - 72

Andrew Kerr

Chief Executive

Membership

The City of Edinburgh Council (9)

Councillor Chas Booth

Councillor Phil Doggart

Councillor Karen Doran

Councillor George Gordon

Councillor Gillian Gloyer

Councillor Ricky Henderson

Councillor David Key (Convener)

Councillor Jason Rust

Councillor Norman Work

Midlothian Council (2)

Councillor Kieran Munro

Councillor Margot Russell

West Lothian Council (3)

Councillor David Dodds

Councillor Damian Doran-Timson

Councillor Andrew McGuire (Vice-Convener)

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 | Legal and Assurance | 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

- (2) The agenda, minutes and public reports for this meeting can be viewed online by going to www.edinburgh.gov.uk/meetings .

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Lothian Valuation Joint Board

27 October 2021

Meeting held virtually by Teams

Present:

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

East Lothian Council – Councillors Findlay and Goodfellow.

Midlothian Council – Councillors Munro and Russell.

West Lothian Council – Councillors McGuire (Vice-Convener), Dodds and Doran-Timson.

1 Minute

Decision

To approve the minute of the Lothian Valuation Joint Board of 6 September 2021 as a correct record.

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

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

It was highlighted that the majority of staff remained working at home during current Covid-19 restrictions. However a limited number of staff had attended the office to carry out their normal duties with office working on a rota basis to allow all members of staff the opportunity should they wish to do so and also take account of ongoing risks in relation to Covid-19.

Decision

To note the report.

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

3 2020/21 Annual Audit Report to Members of Lothian Valuation Joint Board and the Controller of Audit

The findings arising from the 2020/21 external audit were summarised and presented to members in the Annual Audit Report. The report also included an update on progress of the recommendations from the previous year's audit.

Lothian Valuation Joint Board
27 October 2021

Decision

- 1) To note the Annual Audit Report to members of Lothian Valuation Joint Board and the Controller of Audit, including the Action Plan and management responses.

(Reference – report by the Treasurer, submitted)

4 Audited Annual Accounts for the Year Ended 31st March 2021

The Board had considered the unaudited annual accounts at its meeting on 14 June 2021. The audited Annual Accounts for the year ended 31 March 2021 were presented to the Board to note and authorise them for signature.

Decision

- 1) To note the Audited Annual Accounts for the year ended 31st March 2021.
- 2) To authorise the Annual Accounts 2020/21 for signature.

(Reference – report by the Treasurer, submitted)

5 Revenue Budget 2021 - 2026

An update on the financial position of the Board was provided, summarising the projected outturn at 31st March 2022, based on the position at 30th September 2021. It was forecasted that net expenditure would be less than the approved budget for 2021/22.

Decision

- 1) To note the projected outturn position for 2021/22.
- 2) To note a further update of the 2021/22 budget would be presented to the Board in February 2022.
- 3) To note the updated indicative medium-term financial planning estimates for the period 2022/23 to 2025/26 included at Appendix Two to the report by the Treasurer.
- 4) To note the indicative financial planning estimates for 2022/23 to 2025/26 would be the subject of further update to the Board meeting in February 2022.

(Reference – report by the Treasurer, submitted)

6 Mid Term Review – Treasury Management Activity

The Board considered a report by the Treasurer which reviewed the investment activity undertaken on behalf of the Board during the first half of the 2021/22 financial year.

Lothian Valuation Joint Board
27 October 2021

Decision

To note the investment activity undertaken on behalf of the Board.

(Reference – report by the Treasurer, submitted)

7 Membership Update

A report provided an update on the membership of the Board.

Decision

To note West Lothian Council had appointed Councillor David Dodds as a member of the Joint Board.

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

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ASSESSOR'S PROGRESS REPORT TO THE Lothian VALUATION JOINT BOARD

7th February 2022

1.0 PURPOSE

- 1.1 To provide members with an overview of current service delivery, priorities, risks and future direction.
- 1.2 It should be noted that the majority of staff remain working at home. However, since the 1st February staff have been allowed to return to South Gyle on a limited basis. There is a strict rota system in place and appropriate mitigations to lesson any ongoing risk in relation to Covid 19.

2.0 ELECTORAL REGISTRATION – MAINTENANCE

- 2.1 Since the last progress report to the Board in October 2021 all maintenance tasks supporting the registration process have continued.
- 2.2 Key processing volumes reflecting the period from 1st December 2021 until 5th January 2022 are shown below.

	<u>Additions</u>	<u>Deletions</u>	<u>Modifications</u>
<u>City of Edinburgh</u>	1837	2333	47
Edinburgh East	359	506	6
Edinburgh North and Leith	567	724	13
Edinburgh South	271	311	6
Edinburgh South West	405	543	12
Edinburgh West	235	249	10
<u>East Lothian</u>	185	240	2
<u>Midlothian</u>	194	170	4
<u>West Lothian</u>	315	504	6
Linlithgow and East Falkirk	92	149	1
Livingston County	223	355	6

- 2.3 During the period 1st December 2021 to 19th January 2022 26,094 Invitation to Register forms have been issued, a breakdown of the numbers is shown below.

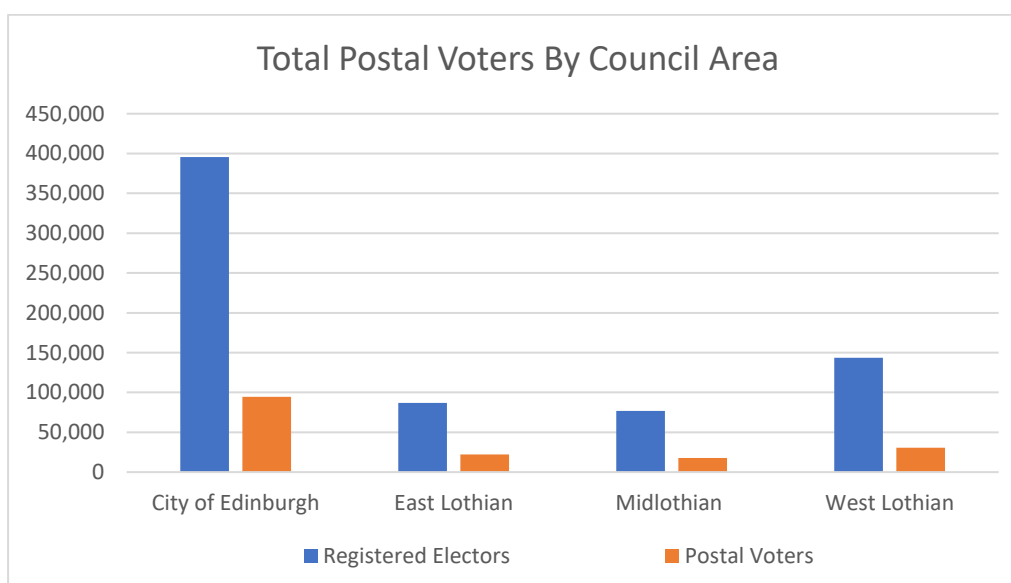
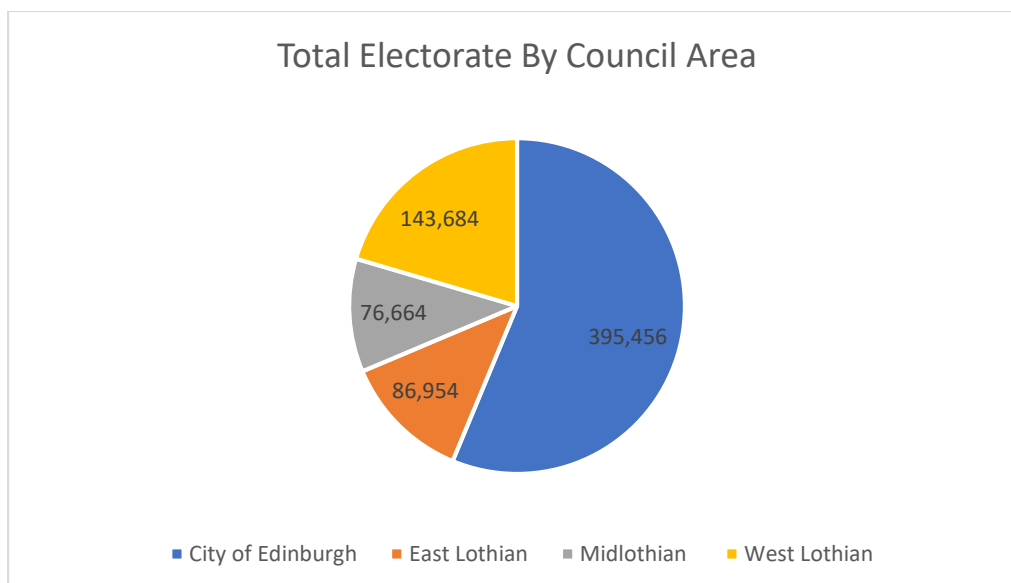
<u>Date Issued</u>	<u>ITRs</u>	<u>ITR Reminders</u>	<u>ITR Second Reminders</u>	<u>Total ITRs (inc. reminders)</u>	<u>Postal Packs</u>
01.12.2021	394	492	166	1052	90
08.12.2021	2572	421	698	3691	542
15.12.2021	3017	542	777	4336	305
23.12.2021	3375	259	423	4057	317
05.01.2022	373	2369	596	3338	292
12.01.2022	2882	2424	438	5744	482
19.01.2022	1048	2617	211	3876	530
Total	13661	9124	3309	26094	2558

- 2.4 Circa 16,000 Postal Vote refresh communications were issued in January.

3.0 ELECTORAL REGISTRATION – HOUSEHOLD CANVASS 2021

- 3.1 The updated register was published on the 1st December 2021. Some statistics are shown below.

	<u>Registered Electors</u>	<u>Postal Voters</u>	<u>Proxy Voters</u>	<u>Overseas Electors</u>
<u>City of Edinburgh</u>	395,456	94,489	499	1,683
Edinburgh East	77,571	15,625	87	314
Edinburgh North and Leith	90,176	20,145	143	516
Edinburgh South	71,285	18,890	85	360
Edinburgh South West	80,152	18,891	94	301
Edinburgh West	76,272	21,938	90	192
<u>East Lothian</u>	86,954	22,163	77	151
<u>Midlothian</u>	76,664	17,719	43	97
<u>West Lothian</u>	143,684	30,675	86	193
Linlithgow & East Falkirk	54,681	11,896	38	83
Livingston County	89,003	18,779	48	110
<u>Total - All Areas</u>	702,758	165,046	708	2,124



4.0 ELECTORAL REGISTRATION – LEGISLATION

- 4.1 The Westminster elections bill is still progressing through the Westminster Parliament. It has passed through the commons and is now at the House of Lords. It is anticipated that the bill will pass into law before the end of this financial year.
- 4.2 As I have mentioned in a previous report one of the main implications for the Board is the additional impact of photo ID for Westminster elections and additional funding to cover this. I am led to believe that funding will be forthcoming along with further details surrounding the issuing of photo IDs themselves. I will update the Board as and when I receive anything further.

5.0 ELECTORAL LEGISLATION – ELECTIONS

- 5.1 The scheduled by-election in East Lothian took place on the 20th January 2022. Everything has gone smoothly.
- 5.2 The Local Government Elections are scheduled to take place on the 5th May 2022. I am sending out approximately 55,000 House Notification Letters (HNL) to properties in route 2, that is properties where there was no national or local data match and where I have had no return from earlier communications, or where the property is showing as being void, basically vacant. The cost will be covered by unspent monies received from last year's Scottish Parliamentary Elections.
- 5.3 As part of national engagement plans a TV advert will be running on STV between Monday the 31st January and Sunday the 13th February. The cost is being shared on a pro rata basis between all ERO's and again this will be covered by unspent monies received for last year's Scottish Parliamentary Elections.

6.0 ELECTORAL REGISTRATION ENGAGEMENT

- 6.1 Whilst electoral registration engagement is a process that continues throughout the year, elections such as the Local Government elections in May this year provide a useful focal point for engaging with electors, increasing the rate of voter registration and generally promoting the functions of the Electoral Registration Office.
- 6.2 **16-17 Year Olds**
- 6.3 Despite ongoing covid related restrictions, and renewed anxieties around the Omicron variant, engagement opportunities and resources have continued to be developed in partnership with outside organisations and constituent council's Communications Departments. Elections related engagement is aimed at the electoral population in general with a particular focus on reaching under-represented groups such as 16–17-year-olds, students, and eligible foreign nationals as outlined below.
- 6.4 Schools Lists data mined to issue 'Invitation to Register' (ITR) forms to all eligible school pupils not already registered or added during canvass – approx. 3,000 ITRs issued to those eligible to vote in the Local Government elections.
- 6.4 A further 9,000 ITR forms issued to 14-15-year-olds that are eligible to register but not able to vote in the May elections.
- 6.5 Promotion of the Electoral Commission's 'Welcome to Your Vote' week running from 24-30 January through the LVJB website and social media channels.
- 6.6 Dissemination of curriculum linked political literacy resources produced by the Electoral Commission, including lesson plans, shorter interactive activities, and an assembly plan to all schools within the Lothians.

6.7 Working in partnership with West Lothian CLD Youth Services and MSYPs to produce a video encouraging voter registration and political engagement – to be made available to schools.

6.8 Final mailshot to all school pupils eligible to vote in the May elections that have been through the ITR Chasing Cycle but have not yet registered, encouraging registration through the Gov.uk website – to be issued mid-late March.

6.9 **Students**

Whilst spaces at most University Freshers Fairs were limited, we were able to run a voter registration stall at Queen Margaret University's fair in September 2021 and ran an advertisement in their Fresher's Guide.

Email to be issued to all students on lists provided by the four Universities and Edinburgh College, increasing awareness that students can register at both term-time and home addresses and inviting those not yet registered to do so through the Gov.uk website.

Work in partnership and provide support to Universities and Student associations to develop voter registration campaigns through their web and social media channels if in-person events remain unavailable.

6.10 **Foreign Nationals**

Promotion of the Electoral Commission's 'Welcome to Your Vote' day for foreign nationals eligible to register to vote – 10 March.

Distribute the Electoral Commission's political literacy resources to local groups such as ReAct Scotland, ELREC and constituent councils Refugee and Migration teams.

Working in partnership with ReAct Scotland to build on resources produced ahead of last year's Scottish Parliament Election, including a video and a factsheet translated into Arabic explaining how to register, the different voting methods and the voting system used in Local Government elections.

Drop-in voter registration sessions to be organised with ReAct Scotland to coincide with the 'Welcome to Your Vote' campaign.

6.11 **Prisoners**

Prisoner ITRs to be issued to all eligible prisoners with postal and proxy forms included.

6.12 **Members of the Armed Forces**

Advertisement space on back page of the Royal Highland Fusiliers Journal taken advising of voter registration options for service personnel and of the registration deadline at the Local Government elections.

In discussion with the Royal Regiment of Scotland's Communications department on possibility of a similarly focussed advertisement in their Journal and/or production of an article for their newsletter.

6.13 General Public

Data mining of new council taxpayer lists provided by each of the four constituent councils to identify home movers, and issue ITRs to any not already registered to vote – approx. 4,000 issued since register publication with data mining to continue until the registration deadline.

Household Notification Letter (HNL) issued to households that did not respond to 2021 canvass communications, confirming the names and current voting method of registered electors at the property – 27,527 issued.

HNL issued to all care homes confirming names and voting method of residents.

Empty property letter issued to households with no registered electors, encouraging residents to register to vote ahead of the Local Government elections registration deadline – 27,441 issued.

Voter registration drop-in sessions organised in partnership with the City of Edinburgh Council as part of their Polling Station Roadshow initiative taking place in early April.

Continued promotion of the Gov.uk online voter registration website and registration deadlines via the LVJB website, news blog and social media channels with increased activity around key dates.

7.0 VALUATION ROLL – MAINTENANCE

- 7.1 Since the last report to the Board 495 alterations, covering the period 19th October 2021 to 27th January 2022, have been made to the valuation roll with respect to running roll activities. These changes comprised 107 amendments to existing entries, 191 deletions, 197 inserts and 1,440 name changes. For the period from 1st April 2021 to 27th January 2022 the total number of changes to the valuation roll are running at 83.7% of pre-Covid levels. (1,933 changes as against 2,307)

	Edinburgh	Midlothian	W. Lothian	E. Lothian	Total
Inserts	110	18	44	25	197
Deletions	138	13	28	12	191
Amendments	63	18	15	11	107

8.0 VALUATION ROLL – APPEALS

- 8.1 All appeals with a statutory resolution date of 31st December 2021 were resolved timeously.
- 8.2 Valuation Appeal Committee hearing dates have been agreed with the secretary of the VAC for the early part of 2022. Physical hearings are taking place and this helped greatly with the disposal of appeals up to the 31st December last year.
- 8.3 To date LVJB have received in the region of 17,000 NDR appeals lodged on the basis of Covid 19. c. 10,000 were lodged towards the end of March 2020 and a further 7,000 lodged towards the end of March 2021. It should be noted however that those received in March 2021 didn't specifically mention Covid as the reason for the appeal but instead used the generic Material Change of Circumstances (MCC) as the reason. This was a potentially protective measure as it was thought that the SG would legislate to make Covid an invalid ground of appeal.
- 8.4 The SG passed new legislation in relation to non-domestic rating one part of which was to change the definition of an MCC. This change became effective from the 2nd April 2020, and crucially, that is after the Covid pandemic "started", that is, when the first lockdown began which seems to generally be taken as 17th March 2020.
- 8.5 Moving forward it has transpired that the SG decided to legislate against Covid being a valid MCC and that legislation is moving through the parliamentary process. But the legislation as it currently stands still allows Covid to be valid right of appeal for a period of 14 days, that is the 17th March to the 1st April 2020.
- 8.6 This legislation is unlikely to become law before the spring. Whether there are any further amendments made to the draft legislation is unknown at this time.
- 8.7 As the appeal timetable currently stands, the VAC will have to cite all 17,000 of these appeals on or before the 30th June 2022 for disposal before the 31st December 2022. To put this into perspective the VAC would normally cite between 4,000 to 5,000 appeals in any one year and these would be spread over the course of 12 months. As the legislation has not been passed as yet, this means I will have to deal, potentially, with 17,000 appeals over a period of 4 months. This assumes the Local Valuation Appeal Committee would be willing, or in fact able, to deal with this level of appeals which is unrealistic. The 2023 Revaluation work will take up the majority of staff resources this year and if this transpires it will be extremely challenging to carry out both tasks this year.

What this means in practice is that there is the potential for a significant number of valuation changes, made in relation to these appeals, for a short period of perhaps 14 days. This would be both a reduction and then a subsequent reinstatement of the original value.

It may yet transpire that a further change to the appeal timetable is forthcoming which would mitigate this issue for this year however that is uncertain. I will keep the Board updated as to how this situation develops.

9.0 COUNCIL TAX – MAINTENANCE

- 9.1 Over the period 1st April 2021 to 28th Jan 2022, 5,179 new houses have been added to the list, this compares to 5,038 for the same period in 2019/20 prior to the Covid pandemic.

Band					
	Edinburgh	Midlothian	West Lothian	East Lothian	Total
A	300	2	4	2	308
B	337	37	26	37	437
C	376	83	41	82	582
D	577	53	114	106	850
E	551	163	121	184	1,019
F	296	237	288	210	1,031
G	407	133	112	218	870
H	60	2	4	16	82
Total	2,904	710	710	855	5,179

- 9.2 There are currently c.200 outstanding Council Tax appeals. A number of cases have been cited for hearing before the VAC in February with another batch to be cited for hearing in May.

10.0 COVID – UPDATE

- 10.1 Staff continue to follow Government advice and are in the main working from home. From 1st February I have allowed staff to attend the office in line with Government guidelines. In the run up to the Local Government Elections more staff will be required to attend the office on a daily basis. As we move forward, I intend to follow a hybrid approach of working from home and working at South Gyle. I have created a draft policy for hybrid working and I intend to discuss this further with staff representatives before presenting it to the Board for approval.

11.0 GOVERNANCE STRATEGY GROUP

- 11.1 The latest Governance Strategy Group meeting was held on the 25th January 2022. In attendance were myself, LVJB Head of Governance, Councillors Key, Findlay and Russell. Topics discussed were the upcoming Local Government election, the outstanding Covid MCC appeals in relation to non-domestic rating.

12.0 REVENUE BUDGET 2022/23 REPORT

- 12.1 I note the content of the Treasurer's budget report. The budget for this financial year is on course to show an underspend. The forecasted budgets for the following 3 years do predict a shortfall, to be made up by the use of the unallocated general reserve. Though reassuring that the budget can be balanced for the next 3 years it doesn't deal with the underlying budget issues, predominantly caused by inescapable rising employee costs.
- 12.2 I would like to think that later this year more detailed discussions can begin in order to find a sustainable solution to the known issues. I am currently reviewing the 2020-23 Business Strategy paper, that was previously submitted, with a view to creating a 2022/23 to 2027/28 strategy with the anticipation that this can be discussed in more detail after the upcoming LG Elections.

13.0 CORPORATE AND SERVICE PLAN

- 13.1 I have shown at appendix 1 my corporate and service plans for 22/23.
- 13.2 As previously I have consolidated our longstanding Corporate and Service plans and updated them to enable clearer identification of operational objectives against the strategic aims required to achieve optimal performance of our service delivery.

14.0 RECOMMENDATION

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

Gary Elliott
ASSESSOR & ERO

Attached:
Appendix 1 2022-2023 Corporate & Service Plan

Corporate & Service Plan



MISSION & VISION

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

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

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

Ensure that our services are delivered in accordance with all statutory requirements

Plan service development and delivery in accordance with the principles of Best Value.

Take individual and collective responsibility for the services provided by LVJB.

Monitor and report performance levels to stakeholders.

Integrate Equalities issues into all aspects of our service provision.

Conduct our business in accordance with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government.

Create an environment of continual improvement.

Strategic Aims

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

No	Strategic Aim	Performance Measure	Operational Objective	Responsibility
1	To ensure statutory duties are carried out for maintenance of the Valuation Roll .	Maintain Valuation Roll in line with statutory requirements.	Maintain and update survey records in line with relevant guidance and practice.	Assistant Assessor/Principal Surveyors
			Consider planning and building warrants and take appropriate action to maintain records	
			Prepare valuations in line with practice notes and 'tone' evidence.	
			Update VR daily, issue Valuation Notices daily; provide update to constituent authorities Finance weekly.	
			Continue a programme to update rental, cost and turnover analysis ensuring the accuracy of the Roll and supporting the transition to 3 yearly revaluations.	
		Dispose of Revaluation 2017 and running roll appeals within statutory time frames including LTS & LVAC appeals.	Correspond with appellants in line with legal requirements and LVJB standards.	Assistant Assessor/Principal Surveyors
			Create, maintain and review an appeal disposal timetable and ensure appeals are allocated to appropriate number of court dates.	
			Monitor disposal progress, reduction levels and reasons for reduction.	
			Monitor and ensure amendments are processed timeously.	
			Ensure compliance with LTS and quality preparation of cases.	
		Continue preparations for Revaluation 2023	Continue to develop all necessary timetable and implementation plans.	Assistant Assessor/Principal Surveyors
			Ingather relevant information and where required use the Civil Penalty process.	
			Continue to review valuation practices and procedures.	
			Continue to assess and improve communication and engagement protocols	
		Audit processes, procedures and values.	Audit valuation processes, procedures and issued values.	Governance Team
			Audit appeal processes, procedures and outcomes.	Corporate Leadership Team
			Consider presented audit report findings.	
		Further develop IT systems, applications and communications.	Review and further develop valuation applications with particular attention to the successful delivery of 3 yearly revaluations.	Assistant Assessor/Principal Surveyors /ICT
			Consider new classes of subjects for summary valuation purposes.	

2	To ensure statutory maintenance of the Council Tax List.	Continue with project planning and implementation in respect of changes required under the Barclay Review of NDR.	Ensure the project management framework is observed to enable timeous implementation of key functionality and objectives	Assessor/Project Management Board
		Review and seek improved annual performance.	Maintain efficiency in survey procedures.	Assistant Assessor
			Maintain fairness and accuracy of valuations.	
			Review and improve performance in terms of KPIs and internal indicators.	
		Maintain the Council Tax List in line with statutory requirements.	Ingather and analyse sales evidence.	Assistant Assessor/Principal Surveyors
			Maintain and update survey records as necessary.	
			Prepare reviewed bandings and amend for sold houses.	
			Ensure accuracy of all amended and new bands.	
			Update CT daily, issue band change notices daily and notify councils weekly.	
		Dispose of proposals & appeals.	Correspond with appellants in line with legal requirements and LVJB standards.	Assistant Assessor/Principal Surveyors
			Administer properly all proposals and appeals and commence the process of timetabled disposal in association with the Valuation Appeal Committee.	
			Monitor band reductions.	
			Ensure amendments are processed timeously.	
		Audit processes, procedures and Bands.	Audit valuation processes procedures and issued values.	Governance Team
			Audit appeal processes, procedures and outcomes.	Corporate Leadership Team
			Consider presented audit report findings.	
		Further develop IT systems, applications and communications.	Continue to review the processes associated with new housing entering the Council Tax list, with particular progression of the mobile survey function.	Assistant Assessor/Principal Surveyors /ICT
			Ensure all new and amended information is recorded as electronic data.	
		Review & maintain performance.	Maintain and review efficiency in survey procedures.	Assistant Assessor/Principal Surveyors
			Maintain quality of bandings by reference to band reductions on appeal.	
			Maintain performance in terms of KPIs and internal indicators.	
3			Publish the Electoral Register in paper format and electronic format.	Electoral Registration Officer (ERO)

Page 23	To ensure timeous publication and maintenance of the Electoral Register and registration services at elections.	Prepare and publish the Electoral Register by 1st December 2022.	Carry out postal and door to door canvass in line with recent legislation and to maximise registration.	Head of Electoral Services
			Ensure appropriate advertising/publicity initiatives are in place in conjunction with EC public engagement strategy.	Head of Electoral Services
			Action all postal vote applications received during and outside the canvass period.	
			Distribute the register in requested format to persons as defined by statute.	
			Continue to actively encourage recipients to accept the register in electronic format to reduce costs	
			Liaise with external contractors and manage/mitigate risks.	
		Maintain ER for statutory updates each month.	Update ER monthly updates per legislative requirements	Head of Electoral Services
			Issue Notices in line with statutory requirements	
			Improve contact with hard to reach groups through partnership working initiatives.	
			Identify and improve appropriate advertising/publicity channels re registration.	
		Dispose of any registration appeals.	Correspond with appellants in line with statutory requirements.	Electoral Registration Officer (ERO)/Head of Electoral Services
			Ensure hearings are set up and conducted timeously.	
		Prepare for and ensure effective management of registration duties for any elections or referendums called during the year.	Ensure all applications for registration are processed accurately and timeously.	Head of Electoral Services
			Ensure all AVPI applications for registration are processed accurately and timeously.	
			Prepare and maintain all necessary timetables including the identification of all key risks and related mitigation associated with election preparation requirements.	
			Undertake engagement activities and ensure staff are trained and available to answer all incoming enquiries.	
			Ensure staffing resource in place at all peak periods and as required during polling hours.	
		Audit processes, procedures and accuracy to ensure quality registration delivery.	Develop and monitor audit reports for ER updates.	Head of Electoral Services/Governance Team
			Audit personal identifiers with canvass signatures.	

Page 24			Audit name changes to ensure accuracy.	
			Consider all audit reports for appropriate actions.	
		Further develop IT systems, applications and communications.	Implement and review the effectiveness of recently implemented mobile door to door canvass system	Head of Electoral Services
			Deliver electorate statistics to NRoS. (RPF 29)	
			Review and continue to maximise UPRN matching to electoral address data base.	
		Prepare for refresh of AV personal identifiers in January 2023	Identify quantities and additional required expenditure.	Head of Electoral Services
			Establish required processes, timetable for collection and processing.	
			Provide reports as required to Corporate Leadership Team and Board.	
		Review & maintain performance.	Improve efficiency in the delivery of the canvass processes and procedures.	Head of Electoral Services
			Review performance reports and consider new targets.	
			Deliver performance standards self-assessment and data returns to the Electoral Commission.	
	To develop, prepare and publish reports to improve customer knowledge and ensure attainment of good Community Focus .	Prepare and publish statutory reports.	Annual assessor's report to LVJB and staff re service planning, performance & target setting.	Assessor
			Annual treasurer's un-audited accounts.	Treasurer
			Annual Audit reports to LVJB.	Head of Governance
			Annual proposed Revenue Report to LVJB.	Treasurer
		Prepare and present reports to LVJB.	Quarterly progress report to LVJB.	Assessor
			LVJB Business Strategy	
			Annual Governance Report	Head of Governance
		Develop and improve customer targeted policies	Oversee development of performance statistical analysis and monitoring.	Corporate Leadership Team
			Monitor adherence to equality principles.	Head of Governance/HR Manager
			Quarterly progress report to LVJB.	Assessor
			Ensure a robust public engagement strategy is in place for general registration and focused electoral events.	Head of Electoral Services
		Maintain and develop appropriate public engagement schemes.	Liaise with universities, further education establishments and schools to maximise student registration	Head of Electoral Services
			Liaise with care homes to maximise registration for residents	

Page 25			Maintain and update the internet site to ensure currency and accuracy especially at key events.	Corporate Leadership Team	
			Continue to identify, implement and evaluate stakeholder engagement activities in respect of VR and CT.	Assistant Assessor	
		Maintain, update and improve digital communication channels	Maintain and update the internal and public facing websites	Corporate Leadership Team	
			Continue to Integrate Sharepoint to improve records management		
			Continue to develop use of social media		
	5	To set standards and undertake corporate improvement in Service Delivery Arrangements and review the performance management and planning framework to ensure continuous improvement.	Maintain VR key and internal performance indicators.	Agree and set KPIs for VR.	Assessor/Assistant Assessor
				Agree and set a suite of internal indicators for VR performance.	
				Monitor, analyse and report on VR performance quarterly.	
		Maintain CT key and internal performance indicators.	Agree and set KPIs for CT.	Assessor/Assistant Assessor	
			Agree and set a suite of internal indicators for CT performance.		
Monitor, analyse and report on CT performance quarterly.					
Maintain new Electoral performance indicators set by the Electoral Commission.		Agree and set Internal PIs for ER.	Electoral Registration Officer (ERO)/Head of Electoral Services		
		Produce and submit targets for ER performance to Electoral Commission.			
		Produce and submit statistical monitoring & indicators for ER performance to Electoral commission.			
		Monitor, analyse and report on ER performance monthly.			
Prepare, implement, monitor and review of Corporate and Service Plan.		Monitor Corporate and Service Plans.	Assessor/Corporate Leadership Team		
		Ensure adherence to Service Plan and Performance Indicators.			
		Review Performance & Development procedure to meet organisational requirements.			
6		To review roles, responsibilities, Structures and Processes to ensure effective balance of	Adhere to Standing Orders, Scheme of Delegation and Financial Regulations; 5 yearly.	Report to LVJB re review of contents of Standing Orders 5 yearly.	Assessor
	Report to LVJB re review of contents of Scheme of Delegation 5 yearly.				
	Report to LVJB re review of contents of Financial Regs 5 yearly.			Assessor/Treasurer	
	Implement and progress the objectives of the Transformation Programme and future Business Strategy		Continue to review process and procedures seeking efficiencies and improvements.	Corporate Leadership Team	
			Continue to develop and implement a strategic training policy and continue with cultural change identified under the Transformation Programme.	Principal Surveyor/Corporate Leadership Team	

7	To review, monitor and maintain organisational Risk Management and Internal Controls to ensure efficient and effective delivery of service.		Continue to develop and implement a Performance Framework across the organisation, seeking efficiencies and effective delivery of services.		HR Manager/ Corporate Leadership Team
			Review ongoing progress of future Business Strategy		Assessor/LVJB
		Review the activities of the Governance Strategy Group (GSG)	Monitor progress of topics raised and discussed in the GSG		Assessor/GSG
			Continue to undertake bi-monthly meetings to ensure areas of risk are reviewed		
		Adhere to LVJB Risk Management Cycle	Identify	Consider new risks for addition to Corporate, Project or Service risk registers at all Corporate Leadership and Governance Committee meetings.	Corporate Leadership/ Governance Team
				Review presentational aspects of risks registers including effectiveness of providing accurate information of “progress on mitigation and status of risk”	Governance Team
				Consider risks within each service delivery planning timetable on an ongoing basis.	Corporate Leadership Team
				Consider risks as legislative changes are introduced.	
			Assess	Consider likelihood v impact and apply appropriate red, amber or green rating	Corporate Leadership Team
			Mitigate	Ensure mitigation strategies are considered timeously.	Corporate Leadership/ Governance Committee
				Plan, implement and review mitigation decisions effectively.	
			Monitor	Monitor budget spend and variances and include in quarterly progress report.	Assessor
				Monitor identified actions resulting from Governance Committee reviews of audit reports at Corporate Leadership Team meetings.	Corporate Leadership/ Governance Committee
				Liaise with the treasurer to the Board to ensure appropriate monitoring and accounting.	Assessor
				Review risk registers at Governance Committee meetings and report relevant matters of risk to the Corporate Leadership Team	Corporate Leadership/ Governance Committee
			Report risks to LVJB and review Risk Management Cycle as required.	Report to Board on identified key risks on quarterly basis as part of progress report.	

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			Report to Board on budget variances, past and proposed, on quarterly basis as part of progress report.	Assessor/Treasurer
			Provide Board with Annual Governance Report	Head of Governance
			Submit external & internal auditors' reports and actions carried out resulting from recommendations to the Board.	
		Maintain Quality Assurance audit activity and undertake joint working with internal and external audit.	Prepare monthly QA reports for Governance Committee review	Governance Team
			Undertake annual internal and external audit exercises to provide assurance to LVJB	LVJB/Internal/External Audit
8	To develop, adopt and review formal documentation and put in place appropriate systems to ensure Standards of Conduct are adhered to.	Maintain internal processes to monitor compliance to legislation and LVJB policies and procedures.	Review processes to monitor compliance with LVJB standards.	Corporate Leadership Team
			Ensure compliance with LVJB employment legal requirements on a day to day basis.	
			Ensure compliance with LVJB policies on a day to day basis.	
		Monitor and review compliance to GDPR, Records Management, FOI, and Equalities.	Ensure compliance with legal requirements e.g. Records management, FOI, Data Protection, Equal Opportunities etc. on a day to day basis and assess at Governance Committee meetings.	Head of Governance
			Ensure Complaints policy and procedures meet required standards	
			Ensure Records management policy and procedures meet required standards	
		Report on Whistle Blowing.	Ensure the policy and procedures are reviewed as appropriate to ensure staff concerns are addressed.	Assessor/Head of Governance
			Report on items raised as appropriate.	
		Provide management, guidance and support timeously.	Ensure that policies are reviewed regularly, advised to the Board and staff briefed	Corporate Leadership Team
			Monitor adherence to Policy review timetable and encourage Unison input and agreement	
			Ensure that appropriate guidance is developed and training given for new tasks introduced	
			Ensure that policies are available, preferably on the LVJB intranet	
9		Continue the implementation and development of the Transformation	Ensure an appropriate support structure is in place for all employees	Assessor
			Undertake continued review of organisational processes & procedures and progress the implementation of the Valuation Services Team	Corporate Leadership Team

Page 28	To plan and deliver an organisational development strategy considering corporate initiatives to ensure efficiency and quality of service delivery.	Programme objectives and future Business Strategy.	Review the execution of the Business Strategy	Assessor/Head of Governance
			Assess the impact of the COVID pandemic and re-evaluate the Business Strategy 2020/23	
			Create an updated strategic plan reflecting the outcomes of the Business Strategy 2020/23 review.	
		Implement, maintain and review the Corporate & Service Plan	Prepare annual Corporate & Service plan and present to LVJB.	Assessor/Head of Governance
			Ensure staff awareness of the Corporate & Service plan and their role.	Corporate Leadership Team
			Monitor compliance with the Corporate & Service plan on a continual basis and assess at Corporate Leadership Team meetings.	
		Deliver continued corporate improvement	Review internal performance indicators and update KPIs to ensure improvement.	Corporate Leadership Team
			Monitor performance improvement and report at corporate meetings & LVJB.	
			Monitor and report absence levels to measure improvement.	
	To engage in key partnership working to ensure the integrated delivery of efficient government.	Encourage partnership working with constituent authorities.	Continue partnership working with Finance departments of the 4 authorities.	Corporate Leadership Team
			Continue partnership working with the Returning Officer staff of the 4 authorities.	
			Continue partnership working with the Treasurer to LVJB.	
			Improve partnership working with Planning and Building departments of the 4 authorities.	Assistant Assessors
		Encourage partnership working with public and civil servants.	Continue partnership working with the VOA, SAA, Scottish Government, Electoral Commission, Cabinet Office, National Registers of Scotland, etc.	Corporate Leadership Team
		Maintain partnership working with external professional bodies.	Continue partnership working with the RICS, IRRV & AEA professional bodies.	
11	To review, develop and support the Health, Safety, and Wellbeing of all LVJB	Provide all necessary wellbeing advice and support to LVJB staff.	To schedule regular Health & Safety Committee meetings.	HR Manager
			To consider Mental Health initiatives.	
		Maintain & develop all HR procedural documentation & information	Review HR Policies in accordance with an established timetable	

	employees, creating an environment that enhances job satisfaction through investment in staff development, HR policies, systems and leadership.	Participate in the Scottish Government consultation of the Public Sector Equality Duty in Scotland	Monitor and assess the implications of consultation exercise.	
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COUNCIL TAX VALUATION PROCESS INTERNAL AUDIT REVIEW

7th February 2022

1 PURPOSE OF REPORT

- 1.1 This report is to update the Board on the 2020/21 CEC Internal Audit exercise for the Lothian Valuation Joint Board (LVJB). As part of their schedule of work, an audit was carried out to assess the adequacy of design and operating effectiveness of controls established by LVJB relating to the Council Tax Valuation process. The final report was received on 17th January 2022 and is attached as appendix 3 to this report.

2 MAIN REPORT

Internal Audit Findings

- 2.1 The report indicated an overall amber rating of “Some improvement required”. This is further defined as “Whilst some control weaknesses were identified, in the design and/or effectiveness of the control environment and/or governance and risk management frameworks, they provide reasonable assurance that risks are being managed, and the LVJB’s objectives should be achieved.”.
- 2.2 A total of 2 medium and 1 low rated findings were observed in the report;

Medium	Valuation teams- performance and quality assurance
Medium	Procedures, employee performance and training
Low	Technology controls

- 2.3 The 2019/20 Internal Audit on the Electoral Registration process identified five medium rated findings;

Medium	Voter Eligibility Checks
Medium	Technology systems - Supplier management and user access
Medium	Data Retention and Protection procedures
Medium	Electoral Registration Policies, Procedures, and Risks
Medium	Employee Disclosures and Training

Of the eight agreed management actions arising from these findings, six were completed with two requiring further implementation. The two outstanding actions are related to the introduction of our new MyPath performance management system which will be introduced later this year. IA will undertake a further review of these remaining actions when the MyPath system is deployed.

3 CONCLUSION

The 2020/21 Audit was, once again, challenging due to the ongoing pandemic situation and staff absences which delayed the completion of some management actions and the sign-off of the final report.

It is recognised that concluding a remote audit of this nature around complex internal procedures and systems is problematic. I am therefore greatly appreciative, not only to our internal Technical and Governance Teams, but also to my colleagues within CEC Internal Audit for their input and expertise in getting the Council Tax audit completed successfully.

4 RECOMMENDATIONS

4.1 The Board is asked to note the Internal Audit report for 2020/21.

Bernie Callaghan
Head of Governance
7th February 2022

Appendix:

LVJB Council Tax Valuation Process Review 2020/21– Final report 17 January 2022 (Appendix 1).

The City of Edinburgh Council

Internal Audit

LVJB Council Tax Valuation Process Review 2020/21

Final report

17 January 2022

OO2003

Overall report rating:

**Some
improvement
required**

Whilst some control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks, they provide reasonable assurance that risks are being managed, and the Lothian Valuation Joint Board's objectives should be achieved.

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This internal audit review is conducted for the Lothian Valuation Joint Board (LVJB) and is designed to help LVJB refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are a number of specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of LVJB. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

1. Background and Scope

Background

Lothian Valuation Joint Board (LVJB) is a statutory entity established under the 1995 Valuation Joint Boards Order. It provides a range of specialist valuation and electoral registration services for the Edinburgh; East Lothian; West Lothian; and Midlothian local authorities and is responsible for the management and ongoing administration of their business rates valuation rolls; council tax valuation lists; and electoral registers.

As per the [Local Government Finance Act 1992](#), the LVJB is responsible for compiling and maintaining the Council Tax Valuation List which shows the band of each property in Edinburgh and the Lothians, and is used to calculate Council Tax liability and water charges by the local authorities and Scottish Water. This list is provided to the four constituent councils of the Lothian region and is also available to the public at www.saa.gov.uk.

It is the Assessor's responsibility to prepare and maintain the Council Tax Valuation List which requires that each property's band reflects the Assessor's opinion of its open market value as at 1 April 1991, but taking account of its physical state and its locality as at 1 April 1993 (or for new properties, when they enter the list).

Council Tax Valuation

There are six teams within three divisions in the Council Tax Valuation department, each division consisting of four technicians. These teams cover the following areas: Edinburgh City Centre and South (including Midlothian); Edinburgh City East and East Lothian; and Edinburgh City West and West Lothian. The Valuation team members (Technicians) are qualified members and receive ongoing training as part of their role.

LVJB is informed of new build properties through a variety of means, most notably through one of the constituent local authorities issuing a Building Warrant for a development.

The Technician carrying out the work contacts the site office, property owner, or builder in order to confirm what type of properties are being built on the site and remains in touch on a regular basis to ascertain which properties have been completed.

LVJB has a key performance indicator to include all new build properties in the Council Tax Valuation List within a maximum of three months of the council tax payer taking an 'interest in the property', which is the date of sale or, the start of the tenancy if the property has been let by the developer. This date is used to calculate Council Tax liability.

Where properties are constructed by individuals, the process is as detailed above, with the Technician contacting the owner to confirm the date of completion.

Proposals, Appeals and Complaints

An appeal against the valuation banding of a house is described in the legislation as a 'proposal'. A property owner can make a proposal via the [Scottish Assessor's Association website](#) or by email or in a letter to the Assessor to dispute their property's tax banding within six months of the date of taking an interest in the property, or the issue of a valuation notice.

If the owner has been in the house for longer than six months, they can submit a proposal that would be considered out of time.

If there has been no change in the band since it was fixed in 1993, then they can make a material reduction proposal if there has been a physical change in the property or to its physical surroundings which has reduced its value.

The technician then investigates the circumstances of the valuation to determine whether the property banding is correct.

If the customers are dissatisfied with the quality of service provided, they can make use of the [LVJB's two stage complaint procedure](#).

Alterations/extensions

LVJB is informed of alterations and extensions to the property through the issuance of a building warrant or a planning application from the local authority. Alterations and extensions may affect the banding of a property. However, any increase in the banding of a property may only take place after a property has been subsequently sold. Once sold, the technician will re-evaluate the property to determine whether a band change is appropriate.

Key Systems and Physical Records

The LVJB uses the Domestic Valuation System (DVS), which is an in-house managed IT system for recording the valuation processes and data. Management has advised that there are some old physical records, some of which have been digitised. As per the legislation, valuation records are retained for perpetuity. As a workflow system, LVJB uses a third-party system, Civica. Management has also informed that LVJB has achieved Cyber Essentials and Cyber Essentials Plus certifications in addition to the PSN accreditation.

Covid-19 Impact

In accordance with the Scottish Government's guidelines to work from home during Covid-19, LVJB employees worked from home via remote system access and conducted no site visits for property based valuation exercises during our review period, which is the process that would normally be applied.

Instead, a slot booking process was used to provide limited access for Technical Support Officers and Administration staff to access the LVJB office.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure effective assessment and maintenance of Council Tax valuations in line with applicable legislative requirements.

A follow-up review of previously raised Internal Audit findings raised in the electoral registration review was also performed to confirm that agreed management actions have been effectively implemented and embedded.

Our areas of audit focus as detailed in our terms of reference are included at Appendix 2.

Testing was performed across the period April 2020 to March 2021.

Limitations of Scope

The audit did not provide any assurance over the accuracy of the technical evaluation performed by technicians, or the actual Council Tax charge or collection process, which is performed by the respective Local Authorities.

Reporting Date

Our audit work concluded on 15 November 2021, and our findings and opinion are based on the conclusion of our work as at that date.

2. Executive summary

Total number of findings: 3

Summary of findings raised	
Medium	1. Valuation teams - performance and quality assurance
Medium	2. Procedures, employee performance and training
Low	3. Technology controls

Opinion

Some improvement required

Whilst some moderate control weaknesses were identified in the design and operating effectiveness of the control environment and governance and risk management frameworks supporting Council Tax valuations, they provide reasonable assurance that risks are being managed; and that LVJB's objectives of ensuring that Council Tax valuations are accurately assessed and processed in line with applicable legislative requirements should be achieved.

Covid-19 has presented a wide range of challenges to all organisations, including the transition to home working arrangements, whilst ensuring that both technology networks and applications are appropriately secured to support the increased threat of cyber attacks and fraud.

Our review confirmed the Council Tax valuation teams' operational performance was adversely impacted by absence; that this challenge was not escalated through established governance forums to support timely resolution; and that there has been an ongoing impact on the team's ability to confirm that the full population of Council Tax valuation notifications were processed within three months of the council tax payer taking an interest in the property.

We also established the need to enhance existing technology user profile controls, and to reinstate technology controls that had been relaxed to provide ongoing assurance that increased cyber-security and fraud risks are being effectively managed in the current Covid-19 environment.

To support home or hybrid working arrangements and remote new employee induction, it is important that teams have access to up to date and accurate operational processes and procedures that reflect current practice and are supported by an established performance management framework. LVJB management has advised that existing Council Tax valuation processes and procedures are being refreshed, and that an employee performance management framework is currently being designed.

Consequently, two medium and one low rated findings have been raised. Please see Section 3 for further information.

Implementation of findings raised in prior year Internal Audits

The 2019/20 LVJB Internal Audit focused on the electoral registration process and included five medium rated findings that were supported by eight agreed management actions that were due to be implemented by March 2021.

Review of evidence to support implementation of the eight agreed management actions confirmed that six have been effectively implemented, with two still to be implemented. Management has confirmed that this will now be achieved in early 2022, following the procurement of the MyPath system and implementation of the Performance Framework. IA acknowledges that fulfilment of the remaining actions has been affected by the impact of Covid-19.

Areas of good practice

The following areas of good practice were noted:

- Consistent quality assurance checks are performed by both Council Tax valuations management and the Technical and Governance team to confirm that valuation processes are consistently performed.
- LVJB has successfully achieved both Scottish Government Cyber Essentials and Cyber Essentials Plus and UK Government Public Services Network (PSN) accreditation.
- Automated physical dispatch controls have been established, including reconciliation of the number of Council Tax Banding Notices processed and issued.

3. Detailed findings

1. Valuation Teams - Performance and Quality Assurance

Medium

A review of key performance indicators and quality assurance reports for Council Tax valuation teams identified that:

1. Performance against KPIs and internal targets

- Valuation teams were unable to consistently meet the internal target of processing Council Tax valuations within 3 months.
- Whilst some teams were generally close to meeting the internal target of 95%, only 71% of valuations processed by the one team from October 2020 until March 2021 were completed within 3 months.
- Management has advised that the teams were affected by absence that took time to address. Wards were subsequently reallocated across teams to address the ongoing workload challenges.
- The LVJB Divisional Valuer and Assistant Assessor met to discuss these challenges. However, these discussions were informal, and no evidence was retained.
- Review of KPI data for the period for June to August 2021 confirmed that achieving KPI targets for processing valuations within three months remained a challenge, as only 74% of one team's valuations were completed within three months. Management advised that this was due to the backlog created as a result of absence within the team.

2. Governance and KPI reporting

- There is currently no routine discussion of performance against valuation team KPIs at Corporate Leadership Team (CLT) meetings and no record of KPI discussions for Council Tax valuation teams.
- Consequently, no evidence is available to confirm that the performance challenges noted above were escalated to senior management.
- Management advised that prior to Covid-19, KPIs were discussed monthly at CLT. However, due to the impact of the pandemic, KPIs are no longer discussed unless there is an issue raised by management.
- Additionally, whilst the Governance team is responsible for creating reports that monitor KPIs, they are not formally reviewed, and there is currently reliance on Council Tax management to escalate issues to senior management.

3. Valuation requests notification and reconciliation

- There is currently no reconciliation process performed between the number of valuation requests received in the centralised enquiries mailbox from local authorities and the number of completed valuations recorded on the DVS system.
- Management advised that this is because some requests are sent directly to employees as information can be received from a number of different sources as part of ongoing engagement or other requests, and requests can also be taken via telephone. Consequently, it is not always possible to confirm the full population of valuation requests received.

Risks

The potential risks associated with our findings are:

- Council Tax valuations are not processed in line with established key performance indicators;
- Senior management and relevant governance forums are not made aware of valuation processing performance challenges.

1.1 Recommendation: Performance Monitoring and Oversight

Performance against KPIs and internal targets should be monitored by Council Tax management with monthly reports provided; discussed at relevant governance forums (including CLT); and discussions and decisions recorded.

1.1 Agreed Management Action: Performance Monitoring and Oversight

Agreed - the recommendation above will be implemented.

Owner: Gary Elliott, Assessor.

Contributors: Ross Paterson, Assistant Assessor; Kirsteen Robertson, Council Tax Manager; Bernie Callaghan, Head of Governance.

Implementation Date:
28 February 2022

1.2 Recommendation: Valuation requests notification and reconciliation

1. A communication should be issued to local authorities to request that all property valuation requests are submitted to LVJB via the Enquiries mailbox (where possible), with individual LVJB employees copied where appropriate.
2. A communication should be issued to all LVJB employees advising that where a property valuation request is received by an individual employee, it should be forwarded to the Enquiries mailbox.
3. A daily reconciliation control should be implemented to confirm that all requests received centrally have been allocated to team members for action and that no historic requests exist that have not been addressed.

1.2 Agreed Management Action: Valuation requests notification and reconciliation

Agreed - the recommendations above will be implemented as part of future planned changes to the LVJB workflow process.

Owner: Gary Elliott, Assessor.

Contributors: Ross Paterson, Assistant Assessor; Kirsteen Robertson, Council Tax Manager; Bernie Callaghan, Head of Governance.

Implementation Date:
31 March 2022

1.3 Recommendation: Performance Reporting

1. Quality assurance KPIs should be designed and included in performance reports. These should detail the proportion of quality assurance checks to be performed based on the number of valuations received.
2. Quality assurance outcomes should also be reported to relevant governance forums.

1.3 Agreed Management Action: Performance Reporting

Agreed - the recommendations above will be implemented.

Owner: Gary Elliott, Assessor.

Contributors: Ross Paterson, Assistant Assessor; Kirsteen Robertson, Council Tax Manager; Bernie Callaghan, Head of Governance.

Implementation Date:
30 April 2022

A review of LVJB policies, procedures, training logs and complaints logs established that:

1. Council Tax procedures and guidance

- There are currently no end-to-end procedures supporting completion of the Council Tax valuation process. Instead, historic technical instructions are provided to new employees with focus on on-the-job learning.
- Existing technical instructions date back to 1993 and have not been reviewed and updated to reflect relevant system and operational changes.
- Discussions with management highlighted that as existing employees had to field a large number of questions from a recent population of new starts that could have been addressed through the creation of procedures.
- It is noted that procedures manual will be implemented as part of a Performance Framework that is currently in development and will include refreshed instructions for the Council Tax valuation processes.

2. Performance monitoring and appraisals

- LVJB currently has no appraisal system in place to monitor employee performance and identify potential training requirements.
- Management has advised that the Performance Framework that is currently being designed will include implementation of an appraisal system.

3. Training logs

- There is presently no management oversight of training completed by employees as maintenance of training logs is not a mandatory requirement for employees.
- Council Tax management was unable to provide the requested sample of valuation team training logs that have been created and maintained, as these were available only through the Principal Surveyor and Divisional Valuer.

4. Complaints logging

- A review of the Council Tax Valuation team (stage 1) complaints log confirmed that there was only one complaint logged between April 2020 and March 2021.
- Prior to April 2021 no record was maintained of Council Tax valuation team (stage 1) complaints and responses.
- Evidence was subsequently provided to demonstrate that stage 1 complaints are now logged, as of April 2021.

Risk

The potential risks associated with our findings are:

- Council Tax valuation policies and procedures do not adequately support new employee induction;
- Individual employee performance is not monitored, with areas for development identified and addressed through training.
- Management has insufficient oversight of training needs and completion for their teams.
- There is no evidence available to confirm that historic stage 1 complaints have been effectively resolved.

2.1 Recommendation: Council Tax valuation policies and procedures

1. Existing Council tax valuation processes and procedures should be refreshed and updated.
2. Refreshed processes and procedures should be communicated to all relevant employees.
3. Refreshed processes should be regularly updated to reflect any relevant legislative; operational process; and system changes.

2.1 Agreed Management Action: Council Tax valuation policies and procedures

Agreed - the recommendations above will be implemented.

Owner: Gary Elliott, Assessor.

Contributors: Ross Paterson, Assistant Assessor; Kirsteen Robertson, Council Tax Manager; Bernie Callaghan, Head of Governance.

Implementation Date:
29 July 2022

2.2 Recommendation: Employee performance monitoring and training

A performance management framework for Council Tax valuation teams should be implemented and consistently applied. This should include, but should not be limited to:

1. Clearly defined performance objectives and mandatory training requirements for all roles within the team;
2. Documented one to one performance discussions between employees and managers (for example, monthly; quarterly; six monthly; or annually as appropriate) that focus on areas of strong performance and areas where further development is required;
3. Delivery of appropriate training and / or coaching to ensure that areas identified for development are addressed; and
4. Ongoing maintenance and management review of employee training logs to confirm that all mandatory and development training has been completed.

2.2 Agreed Management Action: Employee performance monitoring and training

MyPath online training framework will be Implemented in early 2022 with a phased implementation approach across all employees. This will address all of the recommendations above.

All employees have access to the current version of training manual and access to other colleagues.

Owner: Gary Elliott, Assessor.

Contributors: Hannah Carruthers, HR Manager; Ross Paterson, Assistant Assessor; Kirsteen Robertson, Council Tax Manager; Rory Mackenzie, Principal Surveyor.

Implementation Date:
30 June 2022

2.3 Recommendation: Review of complaints

Management should perform a regular review of the complaints log to identify any potential systemic themes or trends that should be reflected in employee performance conversations and supported by delivery of training.

2.3 Agreed Management Action: Review of complaints

Agreed - the recommendations above will be implemented.

Owner: Gary Elliott, Assessor.

Contributors: Bernie Callaghan, Head of Governance.

Implementation Date:
31 March 2022

3. Technology controls

Low

A review of LVJB's data transfer, user access controls and cyber-security controls for the DVS valuations system and the LVJB network identified that:

1. User access controls

- Six-monthly user profile checks have not been completed since June 2020, at a time when cyber-security risk significantly increased due to the impact of Covid-19

Management advised that this was due to conflicting priorities, specifically the impact of Covid-19 and the pressures this had placed on LVJB technology team employees.

User profile were brought up to date during our audit review.

- There is currently no guidance on the LVJB network and DVS system user profiles to support allocation of systems access to new users.
- A review of user access checklists confirmed that a user profile for one joiner had been copied from an existing employee rather than creating a unique user profile for their role, with no supporting rationale provided. IA acknowledges this may be low risk where employees are performing identical roles and required the same access rights.

2. Cyber-security risk register

A review of LVJB's cyber-security risk register identified that:

- No log was recorded of decisions made and actions taken to strengthen and / or relax (for example six-monthly user control checks) technology controls during Covid-19.
- No new risks had been recorded to reflect the technology control changes implemented in response Covid-19.

Risk

The potential risks associated with our findings are:

- Valuation requests may be missed where employees are absent or leave the organisation;
- Processing is delayed by LVJB valuation teams, with an associated impact on performance KPIs;
- Inappropriate user access rights may be granted to Council Tax valuation team members;
- Cyber-security controls implemented in response to Covid-19 may not be reviewed to confirm that they remain appropriate in future.

3.1 Recommendation: User access controls checks

1. User access profiles should be created for both the DVS system and LVJB network to ensure that appropriate user access rights are allocated and maintained for all employees.
2. Six monthly user profile checks should be reinstated, with management oversight performed to ensure that checks are completed on time.
3. A specific KPI should be established for completion of user profile checks (for example x% of employees will be subject to user profile checks every six months) with outcomes reported to both management and relevant governance forums.

3.1 Agreed Management Action: User access controls checks

Agreed - the recommendations above will be implemented.

Owner: Gary Elliott, Assessor.

Contributors: Tomasz Schabowski, Network Manager; Bernie Callaghan, Head of Governance.

Implementation Date:
31 March 2022

3.2 Recommendation: Identification and mitigation of cyber-security risks

1. LVJB should update its risk register to reflect the potential new and emerging risks associated with Covid-19 and changes to cyber-security controls implemented by LVJB in response to Covid-19.
2. A log should be created and retrospectively updated to record any changes to technology controls implemented during Covid-19.
3. A resilience procedure should be established to ensure that any changes to technology controls are documented and reviewed in any future resilience scenarios.

3.2 Agreed Management Action: Identification and mitigation of cyber-security risks

Agreed - the recommendations above will be implemented.

Owner: Gary Elliott, Assessor.

Contributors: Tomasz Schabowski, Network Manager; Bernie Callaghan, Head of Governance.

Implementation Date:
31 March 2022

Appendix 1: Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on the operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation of the Lothian Valuation Joint Board which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation of the Lothian Valuation Joint Board.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation of the Lothian Valuation Joint Board.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the Lothian Valuation Joint Board.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Appendix 2: Areas of audit focus

The areas of audit focus and related control objectives included in the review are:

Audit Area	Control Objectives
Valuation Policies and Procedures	<ul style="list-style-type: none"> • Procedures supporting the valuation of new builds, alterations and appeals process are documented; accessible to all team members; and are regularly reviewed and refreshed to ensure ongoing alignment with applicable legislative requirements. • Alternative fraud prevention controls have been introduced in the absence of physical site visits during Covid-19 lockdown restrictions. • All new build properties and properties with a change of use are added to the Council Tax valuation list within the applicable three months KPI, with workflow controls established to ensure that work allocation is fair and balanced across different valuation teams. • Updates to the Valuation list including the allocated banding of new builds is communicated to the local authorities in a timely manner and is also updated on the Scottish Assessors' website. • Following updates to the valuation list, a Council Tax Banding Notice is sent to the owner of property and council tax payers. • DVS records are independently reviewed to confirm that they have been completely and accurately processed and updated within applicable timeframes. Evidence of completion of this independent review is documented.
Appeals and Complaints	<ul style="list-style-type: none"> • There is an established appeals process, easily accessible to all citizens, to enable submissions of appeals against property valuations and bandings and all appeals are consistently processed in accordance with the process. • All customer complaints are consistently processed in accordance with LVJB complaints procedure, with relevant records maintained.
Data Sharing; Records Management; and Data Protection	<ul style="list-style-type: none"> • Data sharing agreements and processes have been established with other organisations to ensure that information is communicated securely and within expected timeframes. • A records management policy has been developed that details the processes and timeframes to be applied for retention; archiving; and destruction of documents and is aligned with applicable legislative requirements including Data Protection requirements. • Physical and electronic evidence / documentation supporting the valuation and appeals processes are securely retained in line with timeframes detailed in the records management policy.
Assurance and Performance Monitoring	<ul style="list-style-type: none"> • Assurance reviews are completed to confirm that valuation and appeals processes and controls are consistently applied across all valuation teams. • Key Performance Indicators (KPIs) supporting council tax valuation and appeals processes have been established with performance against these KPIs regularly reviewed by relevant governance forums.
Employee Training	<ul style="list-style-type: none"> • There is an induction and ongoing training program to ensure that all technicians complete essential induction and ongoing training. • A training log is maintained to record and monitor completed training.

Technology Security	<ul style="list-style-type: none"> • Appropriate cyber-security controls (vulnerability, scanning and penetration testing) are in place to ensure that the DVS system is appropriately secured. • LVJB has a current and valid Cyber Essentials, Cyber Essentials Plus Certification and Public Services Network (PSN) accreditation. • System user profiles are appropriate and aligned with employee roles and responsibilities. • There are strong user access management controls in place for new joiners, leavers and movers. • Appropriate controls are in place to ensure that no team member can access or alter related people valuation records. • Administration or super user access right are appropriately restricted to relevant employees. • Regular reviews of user profiles are performed, with any inappropriate access rights identified immediately addressed. • A risk assessment has been performed to assess the impact of any technology controls that have been relaxed to accommodate employee remote access to DVS, when working from home during Covid-19, with clear visibility of other compensating controls put in place to mitigate the impact. • A disaster management and recovery plan is in place which includes a) appropriate physical security controls to ensure safety and security of old physical valuation records, b) electronic copies of physical records retained on a digital platform with regular assessments of the platform's security controls.
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Appendix 3: Implementation Progress with Findings Raised in the Electoral Registration Audit Completed September 2020

Finding / Recommendation	Agreed Management Action	Implemented / Sustained	Further Actions to be Completed and Revised Implementation Date
1. Voter Eligibility Checks – Medium			
<p>a. The list of documents accepted to verify applicants' identities should be aligned with Electoral Commission guidance and Ministerial guidance list of acceptable documents.</p> <p>b. Details of eligibility checks performed should be recorded in an appropriate system or format.</p> <p>c. Evidence to support successful processing or refusal of an application should be retained in accordance with applicable data protection legislative requirements.</p>	<p>The Young Scots Card is a trusted document that is widely accepted as identification amongst ERO's across Scotland. LVJB will continue to use this for the registration of young electors when deemed appropriate.</p> <p>EROS records the majority of additional checking information within the timeline of each elector's registration history. LVJB will create a recording and maintenance process for any verification or validation of the eligibility process that is not held within the timeline.</p>	Fully Implemented	N/A
2. Technology Systems – Supplier Management and User Access – Medium			
<p>2.1 Review of Third-Party Supplier Contracts</p> <p>1. Third party supplier contracts for both the EROS and Objective Connect systems should be updated to include requirements to provide ongoing assurance reports confirming the integrity of controls supporting remote access; system security; and pre implementation testing of new system controls supporting the maintenance of electoral registers.</p> <p>2. The contract with EROS electoral system supplier should be revised to include the requirement for supplier to perform Basic Disclosure checks for all staff members with access to LVJB electoral data.</p>	<p>LVJB will engage with iDox and Objective Connect to discuss the required assurance reports. However, it is recognised that unless these are worthwhile additions for other clients, it may be unlikely that they are introduced. LVJB management will tolerate this risk if these assurance reports are not supplied.</p> <p>LVJB will seek amendment to the EROS contract to include Basic</p>	Fully Implemented	N/A

Finding / Recommendation	Agreed Management Action	Implemented / Sustained	Further Actions to be Completed and Revised Implementation Date
	Disclosure checks for iDox staff who access LVJB electoral data.		
2.2 System Data Security 1. LVJB should review system security assurance reports from third party suppliers annually, and, follow up any areas of concern identified with suppliers to ensure that they are addressed. 2. Confirmation of third-party employee Basic Disclosure check should be requested and recorded by LVJB prior to approving supplier remote access to the live EROS system. 3. Confirmation of testing outcomes should be obtained prior to remote implementation of new system modules by the supplier. 4. Individual LVJB employee logins should be created on Objective Connect to support sharing electoral data with external contacts. Objective Connect data sharing activity should also be reviewed periodically to confirm that only approved and necessary data has been shared. 5. Ongoing LVJB employee access reviews (for example quarterly or six-monthly reviews) should be performed to confirm that only relevant employees have access to electoral data. Review completion and outcomes, including details of any action taken to change employee access profiles, should be documented.	If security assurance reports can be provided by third party suppliers, LVJB will review them annually and follow up any areas of concern. Basic Disclosure checks will be requested and recorded by LVJB prior to any remote system access. LVJB will seek to obtain confirmation of testing outcomes prior to any remote implementation of new system upgrades. LVJB will ensure there are individual logins to Objective Connect and sharing/access activity shall be reviewed periodically. Employee access review shall be undertaken every six months and recorded. Any employee access profile amendments shall be logged.	Fully Implemented	N/A
3. Data Retention and Protection Procedures – Medium			
3.1 Data Retention and Protection Procedures 1. LVJB data retention and protection documents including (but not limited to) the Record of Processing and the Retention and Disposal Schedule should be reviewed to ensure that their content is consistent and aligned with applicable regulations. 2. Records retention and disposal policies, guidance and supporting documentation should be reviewed at least annually with a record of all significant changes reflected in a version control schedule.	LVJB will review data retention and protection documents to ensure consistency with applicable regulations, we will also ensure these are reviewed at least annually and version controlled.	Fully implemented	N/A

Finding / Recommendation	Agreed Management Action	Implemented / Sustained	Further Actions to be Completed and Revised Implementation Date
3.2 Disposal of Electoral Registration Records <ol style="list-style-type: none"> The process for creating CIVICA system profiles / criteria to ensure automatic disposal of electronic electoral registration records should be documented. Training on the process for creating CIVICA system profiles / criteria should be provided to other employees and rotation of these responsibilities implemented to mitigate key person dependency risk. A sample check should be completed to ensure that all electronic CIVICA records have been allocated an automated deletion profile and that scheduled automatic CIVICA records deletion processes have been effectively completed. Clear processes and procedures should be designed; communicated; and implemented to confirm (at least annually) that electoral data retained on servers and in individual email accounts is processed; stored; and deleted in line with applicable LVJB data retention and disposal policies and data protection requirements. 	<p>All recommendations agreed. An additional member of the electoral team shall be trained on the Civica disposal process to mitigate key person dependency risk.</p>	<p>Fully implemented</p>	<p>N/A</p>
3.3 Data Sharing Agreements <ol style="list-style-type: none"> Data sharing agreements should be established with local authorities supporting the exchange and use of Council tax; educational; other relevant records, and with the Returning Officers for the exchange of electoral registers with printers. Existing data sharing agreements should be reviewed to ensure that they are updated and signed by all relevant parties. 	<p>Other than Returning Officer data sharing agreements which are covered by legislation, data sharing agreements shall be created and reviewed annually for currency and accuracy.</p>	<p>Closed – management accepts risk.</p>	<p>Note: LVJB has attempted to establish data sharing agreements with local authorities but this has received limited engagement from the constituent Councils.</p>
4. Electoral Registration Policies, Procedures and Risks – Medium			
<ol style="list-style-type: none"> The full end to end electoral registration process, including the anonymous voter; pre-publication checks; and appeals processes should be documented with links to existing technical procedures and tasks included. Policies and procedures should be reviewed and updated, communicated and implemented in line with any new legislative updates; Electoral Commission guidance; and operational changes, 	<p>Although the full end to end process is contained in EROS help LVJB will review the overarching procedural document structure. Policies and procedures will be reviewed in line with any new legislative changes and version controlled.</p>	<p>Partially implemented</p>	<p>Evidence of documented end-to-end electoral registration processes.</p> <p>Documented outcomes of checks to confirm the completeness and accuracy of electoral registers prior to publication (including telephonic registration quality assurance checks) together with details of</p>

Lothian Valuation Joint Board

Internal Audit Report: OO2003 Council Tax Valuation Review

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Finding / Recommendation	Agreed Management Action	Implemented / Sustained	Further Actions to be Completed and Revised Implementation Date
<p>with significant changes recorded in document version control schedules.</p> <p>3. Meetings to discuss implementation of Electoral Commission guidance changes should be minuted, with decisions taken recorded.</p> <p>4. A telephonic registration quality assurance process should be designed and implemented.</p> <p>5. The outcomes of checks to confirm the completeness and accuracy of electoral registers prior to publication (including telephonic registration quality assurance checks) should be documented, together with details of actions taken to address any errors identified, and any changes made to process documents or training delivered to prevent their recurrence.</p> <p>6. The data retention periods for the appeals process documents should be updated in the Record of Processing ER document and the Retention and Disposal Schedule.</p> <p>7. Key employee details, including the ERO, should be updated in the electoral system immediately upon their joining.</p> <p>8. The ERO's electronic signature should only be accessible for use by authorised managers in a PDF document template to prevent its unauthorised use.</p> <p>9. Electoral registration operational risks together with details of established controls; management's decision to either treat, tolerate, transfer, or terminate / mitigate the risk; and mitigating actions to be implemented together with ownership and completion dates should be recorded in a risk register.</p> <p>10. The risk register should be reviewed and updated at appropriate intervals (for example, quarterly or six monthly) and the most significant operational risks identified escalated for inclusion in the organisational risk register.</p>	<p>Electoral Commission guidance is provided by briefing sessions to staff and followed up with emails where necessary. LVJB accepts the risk involved with not documenting and recording these briefing sessions.</p> <p>First line assurance checks shall be introduced for telephone registrations. The process of checking registers prior to publication shall be documented and evidenced.</p> <p>Appeals process documents will be included in LVJB retention policies.</p> <p>Key employee details will be updated on joining.</p> <p>LVJB will investigate ways in which to ensure no unauthorised use of the ERO's electronic signature.</p> <p>LVJB will review existing risk registers with a view to incorporating operational electoral registration risks.</p>		<p>actions taken to address any errors identified, and any changes made to process documents or training delivered to prevent their recurrence.</p> <p>Note: LVJB has accepted the risk relating to action 4.2. Management advised that the Eros system is updated by iDox following legislative and regulatory changes.</p>
5. Employee Disclosures and Training - Medium			
1. Employee Basic Disclosure checks should be refreshed on an ongoing basis (for example, every 3 – 5 years).	LVJB will consider the introduction of a Basic Disclosure check refresh.	Partially implemented	Evidence of new training framework.

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Finding / Recommendation	Agreed Management Action	Implemented / Sustained	Further Actions to be Completed and Revised Implementation Date
<p>2. The new training framework should include a combination mandatory and optional training delivered on the job; via established training courses for groups of employees focusing on relevant topics (for example, new legislation and / or guidance); and via informal one to one coaching session based on individual employee development needs;</p> <p>3. Employee training logs should be maintained to accurately reflect all training completed and outstanding essential learning and training, and should be reviewed by management and discussed with employees as part of ongoing performance discussions.</p> <p>4. The new training framework should include relevant ongoing essential learning training on key themes for all employees.</p>	<p>We shall also review the new ER training framework to include mandatory and optional training and to identify essential training themes.</p> <p>All training logs will be kept up to date and reviewed by the relevant managers.</p>		

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10.00am, Monday 7th February 2022

Revenue Budget 2022/23 and Indicative Financial Plan 2023/24 - 2026/27

1. Recommendations

The Board is recommended to:

- 1.1 approve the proposed core budget for 2022/23 and the issue of 'flat-cash' core budget requisition requests from the Treasurer to constituent councils as detailed at paragraph 4.19;
- 1.2 approve requisition of funding of £0.374m included in the Local Government Finance Settlement to implement the recommendations of the Non-Domestic Rates Review;
- 1.3 note the indicative financial planning estimates for the period 2023/24 to 2026/27 included at Appendix 1 and
- 1.4 note the indicative financial planning estimates for 2023/24 to 2026/27 will be the subject of further update to the Board during 2022/23 and beyond.

Hugh Dunn,

Treasurer

Contact: Iain Shaw, Principal Accountant,

Finance Division, Corporate Services Directorate, City of Edinburgh Council

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Revenue Budget 2022/23 and Indicative Financial Plan 2023/24 - 2026/27

2. Executive Summary

- 2.1 A revenue budget has been developed for 2022/23 with a recommendation to approve a 'flat-cash' council requisition for 2022/23 and requisition to meet additional costs for Non-Domestic Rates Reform in 2022/23 in line with funding of £0.374m allocated in the Local Government Finance Settlement.
- 2.2 Indicative financial planning estimates are provided for 2023/24 to 2026/27. These will be subject of ongoing review and development during 2022/23 as the Board's Transformation Programme is progressed.

3. Background

- 3.1 This report seeks approval of a revenue budget for 2022/23. The report was prepared in consultation with the Assessor and Electoral Registration Officer (ERO).

4. Main Report

- 4.1 On 1st February 2021, the Board approved a one-year core budget for 2021/22 of £5.847m. This represented no change in council requisition from 2020/21.
- 4.2 The Board also requisitioned additional funding of £0.371m, which was included in the 2021/22 Local Government Finance Settlement for costs of Non-Domestic Rates Reform. This was in line with Scottish Government expectation that this funding be passed to Assessor services.
- 4.3 The 2022/23 Local Government Finance Settlement was announced by the Scottish Government on 20th December 2021. The Settlement sets out local authority allocations.

Financial Planning Assumptions

- 4.4 The proposed revenue budget for 2022/23 and indicative financial plan 2023 – 2027 is based on:
 - 4.4.1 an update of employee cost forecasts, including pay award provision of 3% in each year;
 - 4.4.2 no utilisation of unallocated reserve balances;

- 4.4.3 maintaining the Board's minimum approved reserve level at £0.180m;
- 4.4.4 an increase in the unallocated General Reserve of £175,000, based on the forecast underspend for 2021/22 in the Period 8 Financial Statement 2021/22 report elsewhere on this agenda.
- 4.5 The 2022/23 budget makes provision of £0.242m for inescapable employee cost pressures for pay award, increments, an increase of 1.25% in employers National Insurance contributions and pension fund contribution on-costs.
- 4.6 The Assessor has indicated two permanent posts will not require to be filled in 2022/23. A further two permanent posts will undertake Non-Domestic Rate Reform activities in 2022/23 and be funded from the additional funding included in the Local Government Finance Settlement.
- 4.7 In addition to the employee savings noted at paragraph 4.6, an employee turnover factor of £0.130m is included in the 2022/23 budget. Employee turnover savings of £0.155m are forecast to be achieved in 2021/22.
- 4.8 The Local Government Finance Settlement 2022/23 included a national allocation of £5.3 million for Non-Domestic Rate Reform implementation costs, with the Scottish Government's expectation that constituent local authorities pass on their share of this amount to the Assessor service. The Board's share of the national allocation is £0.374m.
- 4.9 The additional cost incurred on Individual Electoral Registration (IER) will require to be fully met from the Board's core budget by 2023/24. IER costs in 2022/23 are forecast to be fully funded from the remaining Cabinet Office grant for IER carried forward from previous years.
- 4.10 Subject to the Board's future workforce requirements, an unallocated General Reserve balance is retained to manage financial risks and to support future business cases with the capacity to release sustainable savings through the Board's Transformation Programme.
- 4.11 In 2020, five Voluntary Early Release business cases were approved as part of the Board's Transformation Programme, resulting in recurring savings of £0.220m from 2021/22.
- 4.12 The proposed revenue budget for 2022/23 and indicative financial plan from 2023/24 to 2026/27 is based on a 'flat cash' council requisition of £5.847m for core service provision. The Board has maintained a requisition of £5.847m since 2018/19. The most recent increase in Council requisition was in 2009/10.
- 4.13 A summary of the proposed budget for 2022/23 together with the indicative financial plan for 2023/24 to 2026/27 is shown in Appendix 1.
- 4.14 An analysis of change is shown in Appendix 2 and a cost analysis at Appendix 3.
- 4.15 The report [Revenue Budget 2021 - 2026](#) to the Board on 27th October 2021 identified a funding shortfall of £199,000 in 2022/23, increasing to £0.813m in 2025/26, after full application of the Board's unallocated General Reserve. It was noted that, while the availability of reserves to support service change was welcomed, it would be important to bring forward a comprehensive and

sustainable medium-term operational plan to address the significant projected funding gaps from 2023/24 onwards.

- 4.16 The proposed budget for 2022/23 and indicative financial plan 2023/24 to 2026/27 identifies that, without an increase in council requisition and/or delivery of sustainable savings, a funding shortfall of £0.513m is forecast from 2023/24. This increases to £1.038m by 2026/27, without any drawdown from the Board's unallocated General Reserve.
- 4.17 The Board's General Reserve balance is estimated to be £1.049m at 1st April 2022. The Board has approved maintaining a minimum General Reserve level of 3% of annual requisition - £0.180m. The uncommitted General Reserve balance would therefore be £0.869m.
- 4.18 The key financial risks facing the Board are summarised in Appendix 4. The Board will be provided with updates on the financial risks detailed in Appendix 4 throughout 2022/23.
- 4.19 The apportionment of the core budget 2022/23 requisition is based on the constituent councils share of the Scottish Government's provisional Grant-Aided Expenditure figures for 2022/23.

COUNCIL	CORE REQUISITION 2022/23	NON-DOMESTIC RATES REFORM REQUISITION	TOTAL REQUISITION	%
EDINBURGH	£3,588,434	£229,000	£3,817,434	61.36%
MIDLOTHIAN	£530,798	£34,000	£564,798	9.08%
EAST LOTHIAN	£643,891	£40,000	£683,891	10.99%
WEST LOTHIAN	£1,084,159	£71,000	£1,155,159	18.57%
TOTAL	£5,847,282	£374,000	£6,221,282	100.00%

5. Background reading/external references

- 5.1 [Revenue Budget 2021/22 and Indicative Financial Plan 2022/23 - 2024/25](#) – report to Lothian Valuation Joint Board 1 February 2021
- 5.2 [Revenue Budget 2021 - 2026](#) – report to Lothian Valuation Joint Board 27 October 2021

6. Appendices

- 6.1 Appendix 1 – 2022/23 Revenue Budget and Indicative Financial Plan 2023-2027
- 6.2 Appendix 2 – Analysis of 2022/23 Budget Change
- 6.3 Appendix 3 – Core Revenue Budget 2022/23 – Subjective Analysis
- 6.4 Appendix 4 – Financial Risk Analysis

Appendix 1 – 2022/23 Revenue Budget and Indicative Financial Plan 2023-2027

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Core	5,847	6,261	6,440	6,607	6,777
IER	89	99	102	105	108
Total Requisition	(5,847)	(5,847)	(5,847)	(5,847)	(5,847)
Operating shortfall/(surplus)	89	513	695	865	1,038
VR - one-off severance/pension strain	0	0	0	0	0
NET TOTAL COSTS	89	513	695	865	1,038
Use of Reserves					
IER grant carried forward	(89)	0	0	0	0
Budgeted General Reserve drawdown	0	0	0	0	0
Net Shortfall/(Surplus)	0	513	695	865	1,038
Budgeted FTE at 31 March	95.64	95.64	95.64	95.64	95.64
Reserve Balances					
Forecast opening balance	(869)	(869)	(869)	(869)	(869)
Forecast General Reserve Drawdown	0	0	0	0	0
Approved Reserve Balance (3%)	(180)	(180)	(180)	(180)	(180)
Unallocated General Reserve - closing	(869)	(869)	(869)	(869)	(869)
IER Balance					
IER carry forward – opening balance	(89)	0	0	0	0
IER grant drawdown	89	0	0	0	0
IER Grant balance at 31 March	0	0	0	0	0
Non-Domestic Rates Reform - Barclay Review					
Employees	353	367	381	395	411
Supplies and Services	21	17	12	0	0
Total	374	383	393	395	411
Additional Council Requisition	(374)	(383)	(393)	(395)	(411)
NET TOTAL COSTS	0	0	0	0	0
Budgeted FTE at 31 March	9.00	9.00	9.00	9.00	9.00

Appendix 2 - Analysis of Budget Change – Core, Individual Electoral Registration and Non-Domestic Rates Reform

	£'000	£'000	£'000	%
CORE BUDGET 2021/22			5,847	Change
<u>Employee budget</u>				
Pay Award (3%)	125			
Increments / Inflation	39			
National Insurance rate increase (1.25%)	44			
On costs - pay award, and increments	34			
Posts held vacant in 2022/23	(112)			
Employee Turnover Factor	(130)			
			0	
<u>Transformation Change</u> —severance costs 2020/21			0	
<u>General Reserve</u> - 2022/23 reserve drawdown			0	
TOTAL CORE BUDGET MOVEMENTS			0	0%
CORE BUDGET 2022/23			5,847	0%
INDIVIDUAL ELECTORAL REGISTRATION BUDGET 2021/22			0	
Employee Costs		89		
Drawdown of Cabinet Office IER grant funding		(89)		
INDIVIDUAL ELECTORAL REGISTRATION BUDGET 2022/23			0	0%
NON-DOMESTIC RATES REFORM BUDGET 2021/22			371	
Anticipated Increase per Local Government Settlement		3		0.01%
NON-DOMESTIC RATES REFORM BUDGET 2022/23			374	

Appendix 3 – Core Revenue Budget 2022/23 – Subjective Analysis

Subjective analysis	Budget 2022/23
<u>Employee Costs</u>	£'000
Wages and Salaries	3,102
National Insurance	373
Superannuation	700
Early retirement pension costs	120
Agency Staff	21
Allowances	3
	4,319
<u>Premises Costs</u>	
Rents	305
Rates	116
Cleaning & Domestic Supplies	35
Energy Costs	48
Water Services	16
Building Repairs, Alterations & Maintenance	11
Premises Insurance	5
Grounds Maintenance Costs	4
	540
<u>Transport Costs</u>	
Car Allowances	43
Staff transport costs (canvassing, surveys etc)	23
Transport Insurance	10
	76
<u>Supplies & Services</u>	
Postages, ICT and Telephony	566
Printing, Stationery & Gen Office Expenditure	87
Other Expenses	59
Insurance and Audit fee	31
Legal fees	30
Equipment, Furniture & Materials	14
Training and conferences	11
Convener/Vice Convener remuneration	9
Subscriptions	2
	809
<u>Third Party Payments</u>	
Valuation Appeals Committee fees	50
Facilities costs (security, maintenance etc)	32
	82
<u>Support Services</u>	
CEC support Service Level Agreement	67
<u>Income/Funding</u>	
Customer and Client Receipts	(43)
Interest on revenue balances	(3)
	(46)
Total core services	5,847

Appendix 4 – Financial Risk Analysis

Risk	Detail	Mitigation
Funding for additional costs of Non-Domestic Rates Reform	The estimate provided to the Scottish Government for additional cost for the Board is £0.374m for 2022/23. Failure to receive Scottish Government funding shall impact on the ability to deliver the required changes.	The Local Government Settlement 2022/23 makes provision for additional costs for Non-Domestic Rates Reform.
Cost of Individual Electoral Registration (IER)	Following process change, the Assessor and ERO anticipates the additional cost incurred on Individual Electoral Registration (IER) will require to be met from the Board's core budget from 2023/24. A risk remains that additional costs shall continue to be incurred following the formal introduction of the new annual canvass procedure and the removal of Cabinet Office grant funding.	Use of Cabinet Office IER grant funding carried forward from previous years to meet IER costs in 2022/23. Ongoing tracking of cost throughout 2022/23.
Additional costs incurred to deliver services during Coronavirus Pandemic.	The Board will continue to track all expenditure incurred during the COVID-19 Pandemic.	Ongoing liaison with Scottish Assessor's Association (SAA) and Scottish Government.
Elections/Referendums – budget risk £0.050m	The possibility of either elections or referendums being called within short timetables, or dual electoral events occurring within a year is a financial risk in terms of staff overtime or the use of short-term temporary staff to meet the demand placed on the electoral registration process.	Ongoing tracking of cost throughout 2022/23.
Costs of Transformation Change	The cost of the Transformation Programme exceeds estimates.	Ongoing tracking and review of cost estimates.
Economic Changes	An increase in the number of rateable value appeals would have a significant impact on staff resources to achieve disposal by the statutory date of 31 December 2022.	Legislative changes being progressed by the Scottish Government may mitigate this risk.
Council Tax Reform	Any major legislative change to Council Tax that impacts on the Board is unlikely to be managed within current budgetary provision.	Ongoing liaison with Scottish Assessor's Association and Scottish Government.

10.00am, Monday 7th February 2022

Period 8 Financial Statement 2021/22

1. Recommendations

The Board is recommended to note:

- 1.1 the projected outturn position for 2021/22;
- 1.2 the final outturn will be reported when the Annual Accounts are reported to the Board during 2022.

Hugh Dunn,

Treasurer

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Period 8 Financial Statement 2021/22

2. Executive Summary

- 2.1 The forecast is for net expenditure to be £175,000 less than the approved revenue budget of the Board, based on the position at 30th November 2021.

3. Background

- 3.1 The Board's Financial Regulations require presentation of quarterly expenditure monitoring statements. This report summarises the projected outturn at 31st March 2022, based on the position at 30th November 2021. The report has been prepared in consultation with the Assessor and ERO.

4. Main Report

- 4.1 The table below compares projected expenditure for 2021/22 with the approved budget. The forecast is for net expenditure to be £175,000 less than budget - an increase of £12,000 in the underspend from the forecast reported to the Board on 27th October. This mainly reflects an underspend on employee costs due to employee turnover and longer recruitment lead times when vacant posts have occurred during 2021/22 (£155,000). Non-employee cost forecasts reflect ongoing working from home, with consequent cost reductions in office running costs.

	Core Budget			Non-Domestic Rates Reform Budget			Total		
	Budget £'000	Forecast £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000
Expenditure									
Employee costs	4,319	4,182	(137)	313	295	(18)	4,632	4,477	(155)
Premises costs	540	519	(21)	0	0	0	540	519	(21)
Transport costs	76	63	(13)	40	58	18	116	121	5
Supplies & Services	750	755	5	18	18	0	768	773	5
Third Party Payments	141	118	(23)	0	0	0	141	118	(23)
Support Services	67	68	1	0	0	0	67	68	1
Gross Expenditure	5,893	5,705	(188)	371	371	0	6,264	6,076	(188)
Income									
Sales, Fees & Charges	(43)	(30)	13	0	0	0	(43)	(30)	13
Interest	(3)	(3)	0	0	0	0	(3)	(3)	0
Total income	(46)	(33)	13	0	0	0	(46)	(33)	13
Net Expenditure	5,847	5,672	(175)	371	371	0	6,218	6,043	(175)

- 4.2 The revenue budget approved by the Board on 15th February 2021 included provision for implementation of the Board's Transformation Programme between 2021 to 2025.
- 4.3 Subject to future workforce requirements, further Voluntary Early Release business cases will be progressed on a phased basis, with updates provided to the Board by the Assessor and ERO. No business cases are planned to be progressed in 2021/22.
- 4.4 Employees of the Board continue to work from home in line with Scottish Government guidance. Additional costs of home working e.g. investment in ICT infrastructure, are forecast to be contained within the approved budget, with savings in office running costs and transport costs forecast.
- 4.5 Constituent councils have funded £371,000 towards the Board's costs of implementing Non-Domestic Rates Reform (NDR) in 2021/22. This funding reflects the NDR reform funding included in the Scottish Government Local Government Finance Settlement 2021/22. It is forecast all this funding will be spent in 2021/22.
- 4.6 At 1st April 2021, the Board had £181,000 available for future Individual Electoral Registration (IER) costs, reflecting Cabinet Office funding carried forward from previous years. The Board's approved budget for 2021/22 includes £92,000 for delivery of IER, with costs to be met from carried forward Cabinet Office grant. No Cabinet Office funding has been advised for 2021/22. Any underspend on IER funding in 2021/22 will be applied to meet IER costs in future years.
- 4.7 In 2020/21 the Scottish Government allocated £487,812 to the Lothian Electoral Registration Officer for the Scottish Parliamentary 2021 Election, to facilitate an expected increase in postal vote applications due to the impact of the Coronavirus pandemic. £311,237 was spent in 2020/21 with the balance of £176,575 forecast to be spent in 2021/22 on Electoral Registration expenditure, in line with Scottish Government conditions of award.
- 4.8 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 (£0.180m). Balances held in excess of 3% require to be reviewed annually in-line with risk and identified commitments.
- 4.9 The Board's audited general reserve balance at 1st April 2021 is £0.874m. This represents 15% of 2021/22 Core budget expenditure. An update on financial risks is included at Appendix 1.

5. Background reading/external references

- 5.1 [Revenue Budget 2021/22 and Indicative Financial Plan 2022/23 - 2024/25](#) – report to Lothian Valuation Joint Board 1st February 2021
- 5.2 [Period 4 Financial Statement 2021/22](#) - report to Lothian Valuation Joint Board 6th September 2021
- 5.3 [Revenue Budget 2021 – 2026](#) - report to Lothian Valuation Joint Board 27th October 2021

6. Appendices

- 6.1 Appendix 1 – Financial Risk Analysis

Appendix 1 – 2021/22 Financial Risk Analysis

Risk	Detail	Mitigation
Funding for additional costs of Non-Domestic Rates Reform	The estimate provided to the Scottish Government was for additional cost of £0.371m for 2021/22.	Local Government Settlement funding has been passed to the Board.
Cost of Individual Electoral Registration (IER)	Following process change, the anticipated additional cost of Individual Electoral Registration (IER) will reduce from 2020/21. A risk remains that additional costs shall continue to be incurred following the formal introduction of the new annual canvass procedure and the removal of Cabinet Office grant funding.	Unspent Cabinet Office grant of £181,000 from previous years is available to fund additional IER costs from 2021/22. It is forecast that additional costs of £92,000 will be met from this funding in 2021/22.
Additional costs incurred to deliver services during Coronavirus Pandemic.	Expenditure incurred during the Coronavirus pandemic continues to be tracked.	Ongoing liaison with Scottish Assessor's Association (SAA) and Scottish Government.
Elections/Referendums – budget risk £0.050m	The possibility of either elections or referendums being called within short timetables, or dual electoral events occurring within a year is a financial risk for additional overtime or the use of short-term temporary staff.	Ongoing tracking of cost throughout 2021/22.
Elections/Referendums – increase in uptake of postal voting	There is likely to be a very significant increase in postal votes due to the ongoing Coronavirus pandemic, with additional employee and ICT costs incurred.	The Scottish Government provided funding for additional costs of preparing for an increased postal vote for the Scottish Parliamentary Election 2021. Ongoing liaison with Scottish Assessor's Association (SAA) and Scottish Government.
Cost of Transformation Change	The cost of the Transformation Programme exceeds estimates.	Ongoing tracking and review of cost estimates.
Economic Changes	An increase in the number of rateable value appeals would have a significant impact on staff resources to achieve disposal by the statutory date of 31 December 2022.	Legislative changes being progressed by the Scottish Government may mitigate this risk.
Council Tax Reform	Any major legislative change to Council Tax that impacted on the Board is unlikely to be managed within current budgetary provision.	Ongoing liaison with Scottish Assessor's Association and Scottish Government.

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Annual Treasury Management Strategy

7th February 2022

1. Introduction

- 1.1 The purpose of this report is to propose a Treasury Management Strategy for 2022/23.

2. Annual Treasury Management Strategy

- 2.1 The Board currently maintains its funds as part of the City of Edinburgh Council's group of bank accounts. Any cash balance is effectively lent to the Council, but is offset by expenditure undertaken by the City of Edinburgh Council on behalf of the Board. Interest is given on month end net indebtedness balances between the Council and the Board in accordance with the former Local Authority (Scotland) Accounts Advisory Committee's (LASAAC) Guidance Note 2 on Interest on Revenue Balances (IoRB). These arrangements were put in place given administration arrangements with the City of Edinburgh Council and the relatively small investment balances which the Board has. Although the investment return will be small, the Board will gain security from its counterparty exposure being to the City of Edinburgh Council. If interest rates are negative the Board won't be charged for positive or negative balances, interest will be floored at zero.

3. Recommendations

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

Hugh Dunn
Treasurer

Appendix

Appendix 1 – Annual Treasury Management Strategy

Contact/tel

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APPENDIX 1

Annual Treasury Management Strategy

(a) Treasury Management Policy Statement

1. The Board defines its Treasury Management activities as:

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

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

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

(b) Permitted Investments

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

(c) Prudential Indicators

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



Membership Update

7 February 2022

1 Introduction

- 1.1 This report informs the Board of a change of membership.

2 Main Report

- 2.1 Councillor Gavin Corbett resigned from his role as a councillor on 7 November 2021 resulting in a vacancy on the Board's membership.
- 2.2 At its meeting on 25 November 2021, the City of Edinburgh Council appointed Councillor Chas Booth to this position.

3 Recommendations

The Board is asked to note the appointment of Councillor Booth.

**Andrew Kerr,
Chief Executive & Clerk**

Appendices: None.

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