

## **Notice of Meeting and Agenda**

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**10.00am, Monday, 13th June, 2022**

Virtual Meeting - via Microsoft Teams

### **1. Appointment of Convener**

- 1.1 The Lothian Valuation Joint Board is invited to appoint a Convener from its membership.

### **2. Appointment of Vice-Convener**

- 2.1 The Lothian Valuation Joint Board is invited to appoint a Vice-Convener from its membership.

Note: In terms of the Valuation Joint Boards (Scotland) Order 1995, the Convener and Vice-Convener cannot be members of the same constituent authority.

### **3. Order of Business**

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

### **4. Declaration of Interests**

- 4.1 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.

### **5. Minutes**

- 5.1 Minute of the Lothian Valuation Joint Board of 4 April 2022 – submitted for approval as a correct record

## **6. Reports**

- |            |  |          |
|------------|--|----------|
| <b>6.1</b> | Assessor's Progress Report to the Lothian Valuation Joint Board<br>– Report by the Assessor and Electoral Registration Officer | 7 - 38   |
| <b>6.2</b> | Unaudited Annual Accounts for the Year Ended 31st March 2022<br>– Report by the Treasurer                                      | 39 - 88  |
| <b>6.3</b> | Treasury Management Annual Report 2021/22 – Report by the<br>Treasurer   | 89 - 90  |
| <b>6.4</b> | Appointments to Committees and the Joint Consultative Group –<br>Report by the Chief Executive and Clerk                       | 91 - 100 |

## **7. Future Meeting Dates**

### **7.1**

Monday 5 September 2022  
Monday 24 October 2022  
Monday 30 January 2023  
Monday 24 April 2023  
Monday 12 June 2023

**Andrew Kerr**

Chief Executive

## **Membership**

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

Councillor Alan Beal

Councillor Chas Booth

Councillor Jack Caldwell

Councillor Denis Dixon

Councillor Fiona Glasgow

Councillor Finlay McFarlane

Councillor Max Mitchell

Vacancy x 2

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

Councillor Carol McFarlane

Councillor John McMillan

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

Councillor Douglas Bowen

Councillor Margot Russell

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

Councillor Alison Adamson

Councillor Tom Conn

Councillor Andrew McGuire

## **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](mailto:rachel.gentleman@edinburgh.gov.uk)
- (2) The agenda, minutes and public reports for this meeting can be viewed online by going to [www.edinburgh.gov.uk/meetings](http://www.edinburgh.gov.uk/meetings) .

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## Lothian Valuation Joint Board

4 April 2022

Meeting held virtually by Teams

### Present:

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

**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 7 February 2022 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, however some staff were in the office for specific tasks, including preparation for the upcoming Local Government Election.

#### Decision

To note the report.

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

### 3 2021/22 External Audit Annual Plan

The External Audit Annual Plan summarising the work plan for the LVJB external audit for 2021/22 was presented. It outlined the proposed main areas of scrutiny and timescales for 2021/22 audit.

#### Decision

To note the External Audit Annual Plan 2021/22.

(Reference – report by the Treasurer, submitted)

#### **4 Future Meeting Arrangements August 2022 to June 2023**

The proposed meeting dates for the period from August 2023 to June 2023 were presented for approval.

##### **Decision**

- 1) To approve the schedule of meetings as detailed for the period August 2022 to June 2023.
- 2) To agree that meetings of the Joint Consultative Group would be held on an “on request” basis.

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



## ASSESSOR'S PROGRESS REPORT TO THE Lothian VALUATION JOINT BOARD

13<sup>th</sup> June 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 most staff remain working at home at the current time or on a hybrid basis, part home based, part office based.

### 2.0 ELECTORAL REGISTRATION – MAINTENANCE

- 2.1 Since the last progress report to the Board in April 2022 all maintenance tasks supporting the registration process have continued alongside the preparation for the recent Local Government Elections.
- 2.2 The table below shows elector numbers as at the last update prior to the recent election as of 27<sup>th</sup> April 2022.

	Eligible Electorate	Postal Voters	Proxy Voters	% Of Postal Voters
<b>City of Edinburgh</b>	399,239	96,671	614	24.2%
<b>East Lothian</b>	88,076	22,313	131	25.3%
<b>Midlothian</b>	75,636	17,987	53	23.8%
<b>West Lothian</b>	145,364	30,789	97	21.2%
<b>Totals</b>	708,315	167,760	895	23.7%

The number of electors who have a postal vote currently represents 23.7% of the electorate in Lothian.

During the run up to the Local Government Elections 23,650 applications were received. These included applications to register, amendments to the register and requests for absent voting. It perhaps should be noted that of these applications 3,454 were actually unnecessary.

The last figures I provided for the 4<sup>th</sup> of April Board meeting showed absent voter numbers as 166,048. The numbers for the recent elections totalled 167,760, an increase of just over 1%.

- 2.3 At the last Board meeting in April, I gave a more detailed report on the topic of deletions from the Electoral Register as it was felt that the numbers were perhaps higher than members may have expected. I have shown below the figures for the period 31/03/21 to 27/04/22.

	Additions	Deletions
City of Edinburgh	66,919	57,724
Midlothian	7,217	6,071
West Lothian	13,384	11,160
East Lothian	9,315	7,160
Totals	96,835	82,615

As can be seen there have been, in all the constituent councils, more additions than deletions to the register during this time. The increase to the register during this period is 14,220.

### **3.0 ELECTORAL LEGISLATION – BY-ELECTIONS**

- 3.1 There are no planned by-elections at the current time.

### **4.0 LOCAL GOVERNMENT ELECTION 2022**

- 4.1 I am pleased to report that from an ERO perspective the recent Local Government Election went smoothly.
- 4.2 There were no significant spikes in the number of registrations or postal votes received. Some additional costs in terms of staff overtime were incurred but they were not substantial.

### **5.0 ENGAGEMENT ACTIVITIES**

- 5.1 Engagement with various groups continues in order to have as many eligible voters on the register as possible. A comprehensive list of our engagement activities was reported at the Board meetings in April and February 2022. For the benefit of new members of the Board these engagements activities include the targeting of 16-17 year olds, students, foreign nationals, prisoners, armed forces.



## 6.0 ELECTIONS BILL

- 6.1 The bill received Royal Assent on the 28<sup>th</sup> of April 2022. As previously reported the provision of photo ID to electors without a specified form of photo ID is one of the main changes alongside specific changes to postal vote refresh timetables which in effect will mean there are two different postal vote refresh timetables. One for Westminster elections and one for Local Government Elections.
- 6.2 From a board perspective having two timetables is not ideal but manageable. It will however no doubt lead to confusion amongst parts of the electorate.
- 6.3 Similarly, photo ID will only be required for Westminster elections but not local elections which again may lead to confusion amongst parts of the electorate.

## 7.0 VALUATION ROLL – MAINTENANCE

- 7.1 The figures for the end of year statistics are shown within the management commentary attached to the annual accounts for 21/22. They show an improvement on the figures for 20/21 which is welcomed.
- 7.2 The numbers of amendments to the valuation roll from 1<sup>st</sup> April 2022 to 31<sup>st</sup> May 2022 are shown below.

### 1<sup>st</sup> April 2022 to 31<sup>st</sup> May 2022

	Edinburgh	Midlothian	W. Lothian	E. Lothian	Total
Inserts	37	4	0	4	45
Deletions	59	3	7	5	74
Amendments	20	4	3	3	30
Totals	116	11	10	12	149

## 8.0 VALUATION ROLL – APPEALS

- 8.1 As previously reported LVJB have c.17,000 outstanding appeals that have been lodged on the basis of Covid 19. It was announced that any appeals lodged after 01/01/20 would have their disposal date amended from 31<sup>st</sup> December 2022 to 31<sup>st</sup> December 2023 which will include these appeals.
- 8.2 Whilst this does not mitigate the risk involved with dealing with this number of outstanding appeals it does in effect allow some room for manoeuvre and provide additional planning time.

8.3 Legislation is still being considered by the Scottish Government with regard to Covid appeals though at the moment I have no further update on this. I will keep the board updated as and when further details are known.

8.4 In relation to Valuation Appeal Committee hearings, I can provide a further update. The functions of VAC's are transferring to the Scottish Courts and Tribunal Service from 1<sup>st</sup> January 2023. As a consequence of this and issues relating to the possible referral of appeals, where a VAC has made a judgement, to a higher court there will be no non-domestic appeals cited for hearing during the autumn. These committee hearings will instead concentrate on Council Tax appeals.

## 9.0 COUNCIL TAX – MAINTENANCE

9.1 The figures for the end of year statistics are shown within the management commentary attached to the annual accounts for 21/22. Again, they show an improvement on the figures for 20/21 which is welcomed.

9.2 The numbers of amendments to the valuation list from 1<sup>st</sup> April 2022 to 31<sup>st</sup> May 2022 are shown below.

New Housing	Edinburgh	Midlothian	West Lothian	East Lothian	Total
01/04/22 to 31/05/22	510	95	234	104	943
01/04/21 to 31/05/21	398	160	139	154	851

9.3 There are currently c.200 outstanding Council Tax appeals. A number of Council Tax appeals recently proceeded to hearing before the Valuation Appeal Committee. More council tax appeals are scheduled to be cited for the next diet of hearings in June. More will be cited for hearing in the autumn diet of appeal hearings. Resolution of appeals continues on an uncited basis where possible.

## 10.0 GOVERNANCE STRATEGY GROUP

10.1 The most recent meeting of the Governance Strategy Group was due to be held on the 6<sup>th</sup> of June. Due to the recent LGE this meeting was postponed.

## 11.0 BUDGET AND MOVING FORWARD

11.1 The budget for 21/22 shows an underspend which is to be welcomed. However future years are projected to show a shortfall in funding which will have to be addressed moving forward.

11.2 I do have concerns regarding the budgetary projection as we move forward. With use of the Board's unallocated reserves, the budget is forecast to balance for 22/23 and 23/24. However, the projected figures shown at 11.3, show a shortfall in funding from 24/25 onwards.

11.3 The projected shortfalls were reported at the 7<sup>th</sup> of February board meeting and showed the following projected shortfalls in funding going forward as.

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'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)
<b>Operating shortfall/(surplus)</b>	<b>89</b>	<b>513</b>	<b>695</b>	<b>865</b>	<b>1,038</b>
VR - one-off severance/pension strain	0	0	0	0	0
<b>NET TOTAL COSTS</b>	<b>89</b>	<b>513</b>	<b>695</b>	<b>865</b>	<b>1,038</b>

11.4 These figures will require to be updated taking account of the 21/22 underspend. It should however also be noted that the Board's accommodation at South Gyle is currently subject to an ongoing rent review negotiation that is likely to result in an increase in the current rent payable from £340,000 to c. £390,000 with effect from the 1<sup>st</sup> of January 2022.

11.5 There is also the potential for the workplace parking levy to be implemented in future years. South Gyle has 66 car spaces which leaves the potential for a levy in the region of £30,000 per annum. Also, with inflation heading towards double figures, where previously inflationary increases were able to be absorbed within existing budgets that becomes more difficult to do year on year where inflation is approaching double figures.

11.6 As we will all be aware the Finance Secretary announced recently that public sector spending is to be frozen for the next 4 years which is in effect a cut in real terms which adds to the financial uncertainty.

11.7 The board has in previous years reduced staffing numbers, in the main, by allowing staff to leave under VERA. We are getting to the point where I would be extremely reluctant to lose staff in specific areas of the office though that is not to say that VERA is not a potential option moving forward, so long as it is targeted and the funds are available to finance any potential early retirements. The implementation of the Barclay review into non-domestic rates, the main change being the move from 5-yearly to 3-yearly revaluations, should not be underestimated. Changes to processes and work practices can assist but you are in essence carrying out a task that previously took 5 years in a 3 year timescale.

11.8 Simply allowing staff to leave under VERA will not solve projected shortfalls moving forward. The increase in projected core spending is down to a number of factors but the main driver is undoubtedly inescapable wage growth. Unless staff pay increases are funded on an annual basis projected shortfalls will be an annual occurrence.

11.9 The underspend for 21/22 is down to a number of factors primarily vacancy control and reduced premises and transport costs. Vacancy control will continue, where possible, and a formal move to a hybrid working model should assist in keeping premises and transport costs down.

11.10 As we move forward towards full Barclay implementation processes and work practices will continue to be reviewed to ensure they are as efficient as possible. However, at the moment

legislation is still in draft form for parts of NDR reform, perhaps most noticeably in relation to proposals and appeals which makes it difficult to predict where efficiencies will be identified. The draft legislation does suggest that increased workloads, at the very least in the short term, are inevitable.

11.11 In order to plan ahead it is essential that the Board is able to move to a sustainable mid to long term financial position as we move forward.

11.12 I am now considering the 3<sup>rd</sup> phase of transformation to fully assess the impact of Covid and legislative change in relation to Barclay and Electoral Registration in order to implement new, smarter and more efficient ways of working. The aim being to minimise the impact of legislative change on workloads and to make cost efficiencies where possible.

## **12.0 HYBRID WORKING POLICY**

12.1 It is good to see that the impact of Covid 19 has begun to lessen. The Covid pandemic did show that a hybrid working approach can have benefits both in a financial sense and with the work/life balance of employees. It is my intention to introduce a formal hybrid working policy not only to maintain these benefits but also to put the board in a position where at some point in the future the actual accommodation required by the board can be considered, and if appropriate, downsized which would inevitably lead to further savings in property costs.

12.2 At appendix 1 is my proposed Hybrid Working Policy.

## **13.0 RECOMMENDATION**

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

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



# Hybrid Working Policy

LVJB Hybrid Working Policy	
Approved By	LVJB Corporate Leadership Team
Date of Approval	June 2020
Owner	Hannah Carruthers, HR Manager
Issue & Date	3
Identity	Hybrid Working Policy
Location of electronic copy	SharePoint
Location of paper copy	Human Resources
Next Review Date	The policy will be reviewed as and when a change to the existing policy deems this necessary, primarily as a result of: changes to legislation or statute; agreement of new national terms and conditions or Government Policy or organisational change.

Issue	Author	Date	Details of Change
1	Bernie Callaghan	June 2020	Initial creation
2	Bernie Callaghan	January 2021	Review reflecting existing hybrid working operational procedures
3	Bernie Callaghan	March 2022	Updated with CLT comments
4	Hannah Carruthers	April 2022	Updated with Unison comments – clarification provided regarding requirements for permanent homeworkers to attend the office.

## 1. INTRODUCTION

1.1 Hybrid working refers to an arrangement that involves the employee working between home and the office for some or all of the time where this would be appropriate for service delivery and beneficial to both the employee and the service provided. The objective of this policy is to :-

- ensure the health and safety of all employees;
- to provide all employees with the equal opportunity to work from home and
- to ensure that employees are aware of their obligations in relation to information security, data protection, freedom of information and records management.

1.2 All hybrid working arrangements will be tailored to individual circumstances and key factors in setting up an arrangement will be the needs of the service in association with work life balance gains. Not all roles will be suitable for this type of working arrangement.

1.3 If a member of staff wants to have hybrid working considered it should be requested under the Flexible Working Policy.

## 2. SCOPE

2.1 It is our policy to support the provision of hybrid working wherever possible. All employees have the opportunity to apply to work from home. Line managers, in conjunction with the HR Manager, will assess the suitability of hybrid working and should consider the implications with those likely to be affected. Suitability will be based on determining whether the role is appropriate for hybrid working and that a self-assessment Health and Safety Checklist has been completed. All requests will be considered carefully and will only be declined if there is a “justifiable reason” for doing so. Justifiable reasons for refusing a hybrid working request are detailed in **Appendix 1**.

2.2 This policy should be read in conjunction with the LVJB’s standard policies & procedures, which apply equally when working from home.

## 3. PRINCIPLES

3.1 The policy will provide the following:-

- (a) A framework within which employees and managers can agree arrangements for working from home;
- (b) Fair and consistent arrangements for employees to work from home;
- (c) Clear guidelines on how the LVJB will manage and review hybrid working;
- (d) Guidance to managers on how to assess suitability for hybrid working

#### **4. HYBRID WORKING**

4.1 Hybrid working is a form of working in which a person's home is used as a place of work for all or some of their working week. The LVJB defines three types of hybrid working: occasional, regular and permanent.

Staff will be encouraged to take ownership of managing their own time and when they undertake their work, so long as work does not suffer.

#### 4.2 Occasional homeworking

- (a) This applies to employees who work at home on an occasional/ad hoc basis even though their contract of employment requires them to be based at our South Gyle office. It is recognised that this may be for part of the working day. Employees must have the agreement of their line manager or equivalent.
- (b) Occasional homeworking may be appropriate for certain roles, for example in one or more of the following circumstances, it should be noted this is not an exhaustive list:-
  - To allow employees the opportunity to work more effectively on a particular piece of work where concentration is important and to avoid interruptions that are part of the office environment;
  - To provide a solution to a temporary problem where employees may be unable to travel to the office.



#### 4.3 Conditions for occasional homeworking

- (a) All occasional home workers must complete the Health and Safety Checklist detailed in **Appendix 2** when they first undertake occasional homeworking (and again **only if any major changes occur**). The completed form should be given to the HR Manager and will help the organisation ensure that their working conditions at home are safe and without risk to health. If a risk / hazard is identified, the line manager should be notified so that appropriate action can be taken.
- (b) The line manager has the right to refuse the request for operational or practical reasons e.g. the maintenance of service levels, impact on team.
- (c) The nominal “normal place of work” remains our South Gyle Office and employees may not claim travelling expenses between home and their normal place of work.
- (d) Employees working from home should be contactable during normal working hours.

#### 4.4 Regular homeworking

- (a) This applies to employees who work at home regularly having made a flexible working request, in line with the LVJB Flexible Working Policy, for part of their contracted hours even though their contract of employment requires them to be based at our South Gyle office.
- (b) Regular homeworking may be appropriate for certain roles, for example in one or more of the following circumstances, it should be noted this is not an exhaustive list:-
  - Where the employee’s presence is regularly required at the office but not all the time;
  - To cut down on the amount of time spent commuting.
  - To provide the employee with an improved work life balance

#### 4.5 Conditions for regular homeworking

- (a) Employees working from home should be contactable during normal working hours.
- (b) All hybrid workers must complete the Health and Safety Checklist detailed in **Appendix 3** before working from home.

The hybrid worker should make the HR Manager aware of the outcome of the Health and Safety risk assessment by attaching a copy to their Flexible Working Application Form, and if a risk / hazard is identified, the HR Manager should be notified so that appropriate action can be taken.

- (c) The hybrid worker will need to accept that this flexible working pattern may mean that their workstation at South Gyle Office may be used by other employees.

#### 4.6 Permanent homeworking

- (a) This applies to employees who work from home for the majority of their contracted hours and do not retain a workstation at our South Gyle Office. Their main place of work is home and they may be mobile on some days (survey/appointments/canvass).
- (b) Permanent homeworking may be appropriate for certain roles, for example in one or more of the following circumstances, it should be noted this is not an exhaustive list:-
  - Employees who do not fulfill a role that requires them to be present at our South Gyle office
  - Employees who do not require a dedicated desk space at our South Gyle office
  - Employees who are mobile, visiting different locations

#### 4.7 Conditions for permanent homeworking

- (a) Employees working from home should be contactable during normal working hours.
- (b) All permanent home workers must complete the Health and Safety Checklist detailed in **Appendix 3** before homeworking.

The home worker should make the HR Manager aware of the outcome of the Health and Safety risk assessment by attaching a copy to their Flexible Working Application Form, and if a risk / hazard is identified, the HR Manager should be notified so that appropriate action can be taken.

- (c) Employees should agree their deliverables and objectives, which will be reviewed regularly by their line manager.
- (d) Dependent on operational requirements, a permanent homeworker will be expected to attend our South Gyle Office on no more than 24 times a year. Attendance at South Gyle office will be expected only on occasions where there is a specific work task, project or equivalent event which can be undertaken most efficiently in the office environment.
- (e) The line manager can request that the employee attends our South Gyle Office, by providing reasonable notice (e.g. 48 hours in advance)
- (f) The employee will need to accept that to cope with this flexible working pattern they may not retain a desk at South Gyle and that they will have to use alternative equipment (pc, desk etc) when they attend the office for meetings, appraisals, training days etc.

## 5. REQUESTING HYBRID WORKING

### 5.1 Requesting occasional homeworking

Any request for occasional homeworking by employees must be made to and have agreement from their line manager or equivalent.

### 5.2 Requesting hybrid or permanent homeworking

Hybrid or permanent homeworking is a form of flexible working and employees wishing to request hybrid/permanent homeworking should apply using the application form in the **Flexible Working policy**. The line manager should follow the procedure outlined within that policy, holding any meetings as required. Any changes to working arrangements will be agreed in writing.

### 5.3 Application outcome

Line managers, in conjunction with the HR Manager, will assess the suitability of homeworking and will consider the implications with those likely to be affected, suitability will be based on determining whether the role is suitable for homeworking.

### 5.4 After the meeting, the line manager will write to the employee:-

- either agreeing to the new work pattern with confirmation of a start date; or
- providing clear business ground(s) as to why the application cannot be accepted and the reasons why

5.5 If the request for occasional homeworking is supported then this will apply on an ad-hoc basis as and when required and agreed.

5.6 If the request for hybrid or permanent homeworking is supported the line manager must follow the process outlined in the Flexible Working Policy, notifying HR.

5.7 The employee will continue to operate under the normal LVJB policies and procedures when working from home, in particular the relevant policies, as detailed in **Appendix 4**.

5.8 Line managers will remain responsible for supervising employees working from home, ensuring agreed objectives are achieved. Line managers will inform employees of meetings or training sessions that they may need to attend and will ensure that employees are kept up to date with information relevant to their work and wider organisational matters.

### 5.9 Application Rejected

LVJB may reject an application for homeworking, using a justifiable reason as outlined in the Flexible Working Policy and detailed in **Appendix 1**. Employees have the right to appeal against the line manager's decision not to accept their flexible working request.

## 6. **APPEAL PROCEDURE**

6.1 If a request is rejected, the employee can lodge an appeal, in writing, to the Assessor (or other nominated senior officer) within 14 calendar days of receipt of the written decision. The notice of appeal should be dated and set out the grounds for the appeal. If necessary, a meeting to discuss the appeal should be held within 14 calendar days

and the decision should be communicated to the employee, in writing, within a further 14 calendar days from the date of that meeting.

The decision of the Assessor shall be final and as a result, there are no further rights of appeal for employees once this process has been exhausted.

## **7. EQUIPMENT & EXPENSES**

7.1 LVJB in consultation with the employee and based on the work activity, will be responsible for determining the equipment requirements for the employee undertaking a homeworking arrangement. Any equipment supplied will remain the property of LVJB. Whilst in receipt of equipment, the employee will have a responsibility to only use the equipment provided for the purposes of work, to take reasonable care and report any defects promptly to the line manager (or other appropriate person). LVJB may require periodic access to the employee's house for the purpose of inspection, servicing, repair and replacement of its equipment, on reasonable notice.

### 7.2 Personal Computer

(a) LVJB will provide and service any personal computer equipment considered necessary to the performance of the employee's duties. This will be subject to specific requirements, as determined by the line manager, in conjunction with the IT Manager, to ensure proper and safe use of the equipment supplied.

**(b) Employees will require to comply with the LVJB Information & Technology Management and Security Policy**

(d) It will only be possible to connect computer equipment provided by LVJB to the LVJB computer network or such other arrangements, as agreed.

### 7.3 Telephone

(a) LVJB will assess the employee communication and telephone needs and if necessary, arrange to provide any equipment or connections. In the event of a subsequent house move (where the arrangement is approved to continue), the employee will be liable for the cost of reinstallation of any communication or telephone connections.

### 7.4 Furniture and General Office Equipment

- (a) Depending on the nature of homeworking arrangement, the employee will agree to the LVJB carrying out a Health and Safety Risk Assessment to determine the suitability of the workstation proposed as part of the request for homeworking where required. Thereafter, the employee will be advised if the workstation meets the appropriate standard. To meet health and safety standards LVJB may consider assisting in the supply of suitable office equipment.

## 7.5 Expenses

- (a) LVJB will not as a matter of course reimburse any additional employee expenses such as heating and lighting as a consequence of approving a homeworking arrangement.
- (b) Travel expenses incurred for journeys from home to our South Gyle Office cannot be claimed. Relevant business journeys will be reimbursed, subject to agreement in line with relevant LVJB travel and subsistence arrangements.

## **8. INSURANCE COVER**

- 8.1 Employees are advised that working from home may affect the provisions of any home and contents insurance policy. It may also affect mortgage provisions. Employees should therefore inform all other relevant parties including insurers/mortgage lenders/landlord before commencing homeworking and accept that it is their responsibility to inform their landlord/mortgage lender/insurance company that they are homeworking.
- 8.2 Employees should ensure that all LVJB owned property is used appropriately and responsibly and that all reasonable precautions are taken to prevent damage and theft. Any damage or theft of LVJB property must be reported to the line manager immediately.
- 8.3 All employees working at home are covered by the LVJB Employer's Liability Insurance and Public Liability Insurance providing the rules of this policy have been followed.

## **9. COMMUNICATION AND CONTACT**

- 9.1 Communication arrangements must be robust. Employees working from home should be contactable during normal working hours.

- 9.2 Home workers must let their line manager or colleagues know in advance (where appropriate) of any times they will be out e.g. at business meetings, site visits, etc.
- 9.3 For employees working from home, it is essential that the line manager maintains regular contact with the employee during normal working hours. Employees working from home should receive all usual employees' communications, notices etc. The suitability of the working at home arrangement will be regularly reviewed with the individual member of staff.

## 10. INFORMATION SECURITY, DATA PROTECTION AND FREEDOM OF INFORMATION & RECORDS MANAGEMENT

- 10.1 All employees working from home must ensure that they adhere to LVJB's policies, procedures and guidance in relation to Information Security, Data Protection and Freedom of Information.

### 10.2 Information security

Employees must comply with **LVJB Information & Technology Management and Security Policy** which provides guidance on the security of electronic information systems.

### 10.3 Data protection

All employees must ensure that they understand their obligations under the Data Protection Act and take appropriate security measures to protect personal data, held on electronic systems, physical devices or in manual format, from unauthorised loss, destruction, corruption or disclosure. The LVJB's **Data Protection Policy** provides detailed guidance on the security of personal data.

### 10.4 Freedom of information & records management

All employees are expected to comply with the **Records Management Policy**.

Further information and practical guidance are given in **Appendix 5**.

## **11. REPORTING ABSENCE AND BOOKING LEAVE**

- 11.1 All other LVJB policies and procedures apply and home-workers should comply with the **Managing Attendance Policy** at all times. Employees should book time-off in agreement with their line manager as per local arrangements.

## **12. TRIAL PERIOD**

- 12.1 The homeworking arrangement, if approved, will be offered on a trial basis and reviewed to assess whether it works in practice. The Health and Safety checklist for regular or permanent hybrid workers must be reviewed on an annual basis.
- 12.2 Consideration should be given to additional support or development/training opportunities if the homeworking arrangement proves problematic for any employee.

## **13. TERMINATION OF HOMEWORKING**

- 13.1 If business or personal circumstances change, these should be raised at the earliest opportunity to do so, by either the line manager or employee.
- 13.2 In cases where hybrid/permanent homeworking arrangements cannot be continued a one-month period of notice on either side should be given before the post reverts to being office-based.
- 13.3 If employees do not meet the requirements of the hybrid working policy and procedure, are not available for work, or are unable to be contacted then the hybrid working arrangement may be terminated, and the employee will be required to be at our South Gyle Office during usual working hours.
- 13.4 LVJB reserves the right to terminate occasional, hybrid or permanent homeworking arrangement at any time.



## Appendix 1

### REASONS FOR DECLINING A REQUEST OR DISCONTINUING HYBRID WORKING

LVJB may refuse the request for hybrid working arrangements, and justifiable reasons for refusal can include one or more of the following:-

- The burden of additional cost
- Detrimental effect on ability to meet customer demand
- The roles and responsibilities of the post under working at home conditions would be detrimental to organisational service delivery
- Specific organisational requirements cannot be adequately sustained by the individuals working from home request
- Planned structural changes
- Insufficiency of work during the periods the employee proposes to work.
- Exigencies of the service
- 

In addition to the justifiable reasons listed above, a request for homeworking is unlikely to be approved, on either a hybrid or permanent basis, if the line manager also considers that:

1. The employee needs to be present in the office to perform their role (for example, because it involves a high degree of interaction with colleagues, or third parties or involves physical access to central resources or equipment that is only available in the office. i.e. letter opening machinery and scanning equipment at peak activity periods).
2. The employee needs supervision to deliver an acceptable quality and/or quantity of work.
2. The employee's conduct/ performance is deemed unsatisfactory.

## Appendix 2

# OCCASIONAL HOME WORKERS HEALTH AND SAFETY

## SELF ASSESSMENT CHECKLIST

Please complete this checklist when you commence homeworking and again **if any major changes occur**. The completed form should be given to your line manager and will help LVJB ensure that the working conditions in your home are safe and without risk to health. Once completed and signed this form should be returned to HR.

Name:

\_\_\_\_\_

Home Address:

\_\_\_\_\_

Job Title:

\_\_\_\_\_

Home contact  
number:

\_\_\_\_\_

Details of any room/space used for homeworking:

\_\_\_\_\_

Please tick to confirm the following

	Yes	No
Is the room / area used easily accessible?	<input type="checkbox"/>	<input type="checkbox"/>
Are you satisfied that your workstation arrangements are adequate and suit all your personal requirements?	<input type="checkbox"/>	<input type="checkbox"/>
All walkways are clear of tripping hazards, such as trailing cables?	<input type="checkbox"/>	<input type="checkbox"/>
There is suitable and sufficient ventilation?	<input type="checkbox"/>	<input type="checkbox"/>
There is adequate light - natural and artificial?	<input type="checkbox"/>	<input type="checkbox"/>
The electrical equipment in your workspace does not have any signs of damage? <i>Look for the obvious faults, such as loose cables, cracked plugs, split covering to leads etc. This is a visual inspection only – you should not open or take covers off the equipment.</i>	<input type="checkbox"/>	<input type="checkbox"/>
Is the property fitted with a smoke and heat alarm?	<input type="checkbox"/>	<input type="checkbox"/>
I have an escape plan in case of fire.	<input type="checkbox"/>	<input type="checkbox"/>

	Yes	No
I know what to do in the event of having an accident at home? <i>All work related accidents, including those that take place in their home whilst working, must be reported using the LVJB accident forms available from HR.</i>		
I have access to appropriate first aid arrangements and guidance normally found in the home.		
My home area is secure. My workstation and confidential LVJB files will be stored securely when not in use.		

Please comment where you have ticked "No" to the questions above or where you have any concerns about your working conditions or any other health and safety concerns?

Please detail the action that is to be taken, if any, to address any issues highlighted in the assessment

All LVJB Health & Safety policies apply equally when working from home, these can be found at. <http://intranet/sites/Intranet/human-resources/policies-procedures>

Further information on Homeworking can be found on the HSE website <https://www.hse.gov.uk/toolbox/workers/home.htm>

**Employee's Name:** .....

**Employee's Signature:** .....

**Date:**.....

**Line Manager's Name:** .....

**Line Manager's Signature:** .....

**Date:**.....

## Appendix 3

# REGULAR/PERMANENT HOMEWORKERS HEALTH AND SAFETY

## SELF ASSESSMENT CHECKLIST

Please complete this checklist when you commence homeworking and again **on an annual basis**. The completed form should be given to your line manager and will help LVJB ensure that the working conditions in your home are safe and without risk to health. Once completed and signed this form should be returned to HR.

Name:

\_\_\_\_\_

Home Address:

\_\_\_\_\_

Job Title:

\_\_\_\_\_

Home contact  
number:

\_\_\_\_\_

Details of any room/space used for homeworking:

\_\_\_\_\_

Please tick to confirm the following

	Yes	No
<b>1. Environment</b>		
Is the room / area used easily accessible?		
Do you need additional task lighting?		
Do lighting or windows cause glare on your monitor?		
Do you find the heating and ventilation acceptable?		
<b>2. Electrical</b>		
Is the fixed electrical system in good condition (eg no damaged sockets or wiring)?		
Are there enough sockets?		
Do you know the arrangements for ensuring portable appliances are maintained safely and how to check them visually for faults? <i>Look for the obvious faults, such as loose cables, cracked plugs, split covering to leads etc. This is a visual inspection only – you should not open or take covers off the equipment.</i>		

	Yes	No
Are there any faults on existing portable electrical equipment?		
<b>3. Fire</b>		
Are flammable materials (eg paper) and ignition sources (eg cigarettes) kept to a minimum?		
Do you have an escape plan in case of fire?		
Is the property fitted with a smoke and heat alarm?		
<b>4. Workspace and storage</b>		
Is there enough space for you to work comfortably?		
Does the work area provide enough privacy and freedom from disturbances?		
Do you have enough storage space?		
Are there any slip or trip hazards?		
<b>5. Miscellaneous</b>		
Are there any concerns about managing working hours, workload or work–life balance?		
Are you aware of arrangements for lone working?		
Are you aware of arrangements and requirements for communication and reporting to the office?		
Do you know how to get help on using computers or other equipment?		
Are there any security concerns?		
Do you know what to do in the event of having an accident at home? <i>All work related accidents, including those that take place in their home whilst working, must be reported using the LVJB accident forms available from HR.</i>		
<b>6. Workstation and computer use</b>		
Do you know how to set up the workstation and chair for safe use?		
Is the screen clear, readable and flicker-free?		
Are the brightness and contrast adjustable and do you know how to adjust them?		
Are your eyes level with the top of the screen?		
Is the keyboard tiltable and is there space in front of it to rest your hands when not typing?		
Are the screen, computer and keyboard kept clean?		
Is the chair adjustable and has it been adjusted to suit your needs?		
Do you need a footrest? (Are your feet not flat on the floor when the chair is adjusted to the right height for typing?)		

	Yes	No
Is there enough legroom for free movement?		
Are equipment and papers within easy reach?		
Is there enough space on the desk for work?		
Is the mouse or input device suitable?		
Do you take adequate breaks from computer work?		
When using the computer, do you get aches, pains, tingling or pins and needles in the hands, arms, shoulders, neck or back?		
Do the symptoms persist after you have stopped working on the computer?		
Do you regularly suffer from blurred/poor vision, red/sore/dry eyes or headaches while using the computer?		
If using a laptop, do you need a screen, keyboard, mouse or docking station?		
Do you need a rucksack or trolley bag to transport the laptop?		
My home area is secure. My workstation and confidential LVJB files will be stored securely when not in use.		
If we are unable to personally assess your working environment can you supply a photograph or plan of your work area showing the location of the workstation and where the windows, doors and sockets are?		
<b>7. Policy</b>		
Have you read and understood our policy and safe working procedures relating to remote working?		

Please comment where you have ticked "No" to the questions above or where you have any concerns about your working conditions or any other health and safety concerns?

Please detail the action that is to be taken, if any, to address any issues highlighted in the assessment

All LVJB Health & Safety policies apply equally when working from home, these can be found at. <http://intranet/sites/Intranet/human-resources/policies-procedures>

Further information on Homeworking can be found on the HSE website <https://www.hse.gov.uk/toolbox/workers/home.htm>

**Employee's Name:** .....

**Employee's Signature:** .....

**Date:**.....

**Line Manager's Name:** .....

**Line Manager's Signature:** .....

**Date:**.....



## Appendix 4

### AGREEING A HOMEWORKING ARRANGEMENT

#### 1. Health and Safety

The hours to be worked at home must be agreed formally and must comply with the employee's contractual hours of work.

Under the Health and Safety at Work Act, employees working at home are required to take reasonable care of their own health and safety, to comply with all aspects of the LVJB Health and Safety policy.

#### 2. Work related stress

Employees need to be aware of time management issues and social isolation. It's important to maintain good communications systems and formal means of contact with their line manager and colleagues to avoid feelings of isolation.

For further details go to the LVJB stress policies

#### 3. Accidents / Near Misses at work

Employees who sustain an injury or have an accident while working from home are required to follow LVJB procedures for reporting such incidents.

#### 4. Personal Details and Safety

Employees are advised not to reveal their home address and telephone number to other individuals. If a postal address needs to be given out, it should be that of the LVJB at 17A South Gyle Crescent, Edinburgh, EH12 9FL. Arrangements should be made for the collection/forwarding of post. Only office mobile telephone numbers or an LVJB telephone number should be given out. Arrangements can be made to divert telephone calls from a LVJB extension to the home-workers office mobile number. Other arrangements to mask outgoing calls via an LVJB extension can also be put in place. Home-workers are advised that they must not meet agents or members of the public at

home. Suitable arrangements for meetings should be discussed with the line manager. In addition, personal email accounts should not be used for business purposes.

For employees working permanently at home they may need to admit authorised visitors to their home for the following reasons:

- Inspection of working arrangements and equipment for health and safety reasons;
- Delivery and installation of equipment and furniture;
- Repairing and servicing of LVJB equipment;
- Meeting with the line manager.

All visitors will give reasonable advance notice and carry proper identification which should be asked for before admitting them.

Further information is available from the Health & Safety Executive:

## **5. Information Services Equipment and Resources**

Employees must comply fully with the LVJB Information & Technology Management and Security Policy, which provides guidance on the security of electronic information systems.

## Appendix 5

### Data Protection, Freedom of Information and Records Management Guidance

This Appendix gives general guidance to all LVJB employees who work at, or from, home on an occasional, regular or permanent basis to ensure that:-

- any LVJB work or data is protected from loss, unauthorised access and/or exploitation;
- the LVJB can comply with its obligations under the Freedom of Information (Scotland) Act 2002 (FOISA) and the Data Protection Act 2018 in respect of records and any requests that may be received under either Act.

This guidance applies to:

- any employee undertaking work at home; and
- information in all formats, including paper files, electronic data on PCs, or downloaded to physical devices e.g. CDs, DVDs & USB sticks and emails.

### Compliance with DPA and FOISA

Both Acts:

- apply to any information which is created and received as part of the employee's employment or research with the LVJB, regardless of where they work and store that information;
- confer rights to request records from the LVJB;
- have deadlines by which the LVJB must respond to these requests; the LVJB must therefore know what information is held and be able to retrieve that information when key employees are out of the office on leave or sickness absence
- require appropriate records retention practices;
- impose financial penalties and other sanctions for non-compliance.

FOISA also imposes obligations on the LVJB under a statutory Code of Practice to maintain good records management practices and this includes records created and/or held at home.

### Interaction between DPA and FOISA for homeworking purposes

	DATA PROTECTION ACT 2018	FOI (Scotland) ACT 2002
<b>Geographical coverage</b>	UK	Scotland
<b>Applies to</b>	All organisations	Scottish public authorities only – estimated to be 10,000
<b>Scope</b>	Covers the processing by the LVJB of personal data about living individuals. Individuals have the right to request access to their personal data held by the LVJB.	Covers information we hold i.e. create or receive in our activities as a public sector body. Individuals or organisations have a general right of access to information from public bodies.
<b>Timescales for requests responses</b>	One calendar month	20 working days
<b>Record Retention</b>	No longer than is necessary. See relevant LVJB records retention schedule.	Defined periods according to the relevant LVJB records retention schedule
<b>Storage of records</b>	<b>Manual:</b> secure storage i.e. locked filing cabinet/desk. <b>Electronic:</b> encryption recommended; use personal “H” drives and restrict access to any shared networks	Do <b>not</b> store the master record at home as this means no-one else can gain access to it. Update and back up records to LVJB systems regularly in case of accidental loss or computer malfunction

### Risks, potential consequences and mitigating actions

The key risks are accidental/unauthorised loss, access to and/or amendment of LVJB records. These events can occur as a result of:-

- leaving confidential or sensitive records in household areas where they may be seen by household members or visitors;
- a crime e.g. theft of a briefcase or burglary at home;
- accidental loss e.g. mislaying papers, laptops and other physical devices on the journey to and from home;
- inadvertent disclosure through e.g. working whilst travelling on a train/bus/plane.

In addition, unless you work directly from/to a LVJB server via a virtual private network, electronic information is vulnerable to loss, unauthorised access or amendment through:

- loss or damage to the PC or storage medium on which the record is held;
- accidental access by household members if records are stored on a home PC or other storage medium without adequate protection;
- remote access by e.g. someone hacking into their system whilst a PC is switched on and/or connected to the internet.

Potential consequences of any of the above could include damage:-

- to their and/or colleagues' work;
- to their or the LVJB's reputation;
- to collaborative partnerships/relationships caused by inappropriate release of information;
- which could lead to enforcement orders or fines being imposed under DPA and FOISA or legal action being taken against you or the LVJB.

### Assessing the risks

Use this risk matrix to help you assess the risks:

Risk	High	Medium	Low	Very low
How serious would the consequences be for unauthorised access?				
How likely is it that someone could gain access?				
What is the cost of any security measures?				

Consider the risks with reference to the types of records you are creating or working on, e.g. if the consequences:

- of unauthorised access were very low, then low cost security measures would be appropriate;
- are high e.g. in the case of sensitive personal or LVJB data, medical information, data which has a strong duty of confidentiality or the disclosure of which may be legally forbidden and the cost of the security measures is also high, then you must consider whether you should be working on that information at home.

Conversely, if information is highly sensitive but the necessary security precautions are simple to apply and low in cost then you may consider it permissible to work on that information at home.

### **Mitigating actions by employees**

You should:-

- Ensure your homeworking environment enables you to comply with the security and records management aspects of creating, holding and working on LVJB records; Use the LVJB's software for encryption of data and emails where appropriate both at home and on any laptops and other physical devices;
- Adhere to all Information Services policies and guidance for working remotely from home
- Not use personal email accounts for LVJB business.
- Note that records contained in private email accounts may be disclosable in certain circumstances under Freedom of Information legislation;
- Not dispose of paper records containing personal data in your domestic waste. These records must be brought back to the LVJB and destroyed in accordance with LVJB guidance;
- Ensure that all work files and records have been deleted from your home PC before you sell or otherwise dispose of it. In extreme cases e.g. where highly sensitive data or research records you would want to protect are concerned, then you may need to consider whether the hard drive should be destroyed.

**10.00am, Monday 13<sup>th</sup> June 2022**

## **Unaudited Annual Accounts for the Year Ended 31st March 2022**

### **1. Recommendations**

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The Board is recommended to note:

- 1.1 the Unaudited Annual Accounts for the year ended 31st March, 2022;
- 1.2 that the Audited Annual Accounts for 2021/22 will be presented to the Board on completion of the external audit.

**Hugh Dunn,**

**Treasurer**

Contact: Iain Shaw, Principal Accountant,

Finance Division, Resources Directorate, City of Edinburgh Council

E-mail: [iain.shaw@edinburgh.gov.uk](mailto:iain.shaw@edinburgh.gov.uk) | Tel: 0131 469 3117

## Unaudited Annual Accounts for the Year Ended 31st March 2022

### 2. Executive Summary

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- 2.1 This report presents the unaudited Annual Accounts for the year ended 31st March, 2022.

### 3. Background

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- 3.1 The unaudited Annual Accounts are presented in accordance with the Local Authority Accounts (Scotland) Regulations 2014. Regulation 5 of the Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2021 extended the dates for 2021/22. The Annual Accounts for the year 2021/22 are required to be presented to the Board no later than 31<sup>st</sup> August 2022.

### 4. Main Report

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- 4.1 The unaudited Annual Accounts for 2021/22 have been prepared in accordance with the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS).
- 4.2 The unaudited Annual Accounts were authorised for issue on the 7th of June 2022. The Statement of Responsibilities and Balance Sheet have been signed by the Treasurer.
- 4.3 The Statement of Responsibilities will be updated to reflect the Board's approval for signature of the Annual Accounts upon completion of the audit. The Board's appointed auditors, Azet Audit Services will present the Report to those charged with governance on the 2021/22 audit at the Board's meeting on the 24th of October 2022. The Governance Statement and Remuneration Report included in the Annual Accounts will also require to be signed at this point.
- 4.4 The Annual Governance Statement includes details of the Governance Framework and a review of its effectiveness including the system of internal financial control. The Treasurer's opinion is that reasonable assurance can be placed on the adequacy and effectiveness of the Board's internal control system. This opinion is informed by the work of the Internal Audit, the Assessor's Certificate of Assurance on internal control and monitoring of controls by Board staff and External Audit.



- 4.5 For the year ended 31st March 2022, the Board's expenditure was incurred in-line with the budget. The Management Commentary provides details on the main reasons for budget variances between subjective group headings.

### **Reserves**

- 4.6 The Board's approved reserve policy is to maintain a minimum general fund reserve of 3% of annual requisition - currently £180,000. The usable reserve balance at 31st March 2022 is £1.450m. £0.148m is earmarked for future costs of NDR Reform and £0.080m is earmarked for Individual Electoral Registration. The non-earmarked usable reserve balance is £1.222m. The Reserve balance will be reviewed when the Board is presented with a revenue budget for 2023/24 for approval in February 2023.

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

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None

## **6. Appendices**

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- 6.1 Appendix 1 - Unaudited Annual Accounts for the Year Ended 31st March 2022



# LOTHIAN VALUATION JOINT BOARD

ELECTORAL REGISTRATION, VALUATION & COUNCIL TAX WITHIN LOTHIAN

## Annual Accounts for the year to 31st March 2022

COUNCIL TAX

ELECTORAL REGISTRATION

VALUATION

---

**Lothian Valuation Joint Board**  
17A South Gyle Crescent  
EDINBURGH  
EH12 9FL

Visit our website at : [www.lothian-vjb.gov.uk](http://www.lothian-vjb.gov.uk)

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# LOTHIAN VALUATION JOINT BOARD

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# LOTHIAN VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY

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### Strategic Report

#### 1. Basis of the Accounts

The Annual Accounts present the financial position and performance of the Board, for the year to 31st March 2022. The Annual Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) based Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This is to ensure that the Annual Accounts "present a true and fair view" of the financial position and transactions of the Board. The Annual Accounts have been prepared in accordance with the following fundamental accounting principles: relevance, reliability, comparability, understandability and materiality.

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

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

#### 2. Statutory Background

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

Costs incurred by the Lothian Valuation Joint Board are apportioned in accordance with the non-domestic rateable subjects and dwellings valued for council tax within the area of each constituent authority. Expenditure is allocated 61.53% to The City of Edinburgh Council, 9.17% to Midlothian Council, 10.78% to East Lothian Council, and 18.52% to West Lothian Council.

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

The Lothian Valuation Joint Board is a local authority organisation providing a range of services to and on behalf of City of Edinburgh, West Lothian, Midlothian, and East Lothian Councils. The services provided represent duties embedded in statute and associated case law. Specifically, they relate to the creation and maintenance of the Valuation Roll, Council Tax List and Electoral Register. The Board's strategy is to ensure best value while providing equitable, customer focused, high quality, professional valuation and electoral registration services for all its stakeholders. To support this aim, annual Corporate and Service Plan, embedded within a Governance Framework, is created to indicate the detailed range of activities and objectives necessary to deliver services. These plans are supported, where required, with detailed project governance and management, specific service delivery timetables, and associated risk analysis.

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

The principal risks and uncertainties faced by the Board fall into two categories. Firstly, in common with the wider local authority community, there are uncertainties created by the ongoing environment of fiscal constraint within which services must be delivered. Set against this, the Board has a range of statutory duties to enact, and services to deliver. Failure to secure adequate funding places the delivery of these statutory services at considerable risk. The Transformation Programme is currently under review and longer term budget strategy proposals have been drafted. Organisational and procedural change to adapt to the reduction of staffing resource continues. As the impact of COVID-19 eases, the organisation will introduce a formal Hybrid working policy to underpin this new way of working. Project oversight and governance enables appropriate adjustments to be considered and implemented as necessary.

The second category relates to changes in legislation that impact on the services to be delivered. This can create pressures from both a financial and organisational perspective. The Barclay Review of NDR has, in the main, been adopted by Scottish Government in the form of a national NDR Reform strategy. This has introduced the biggest changes to NDR services that have been enacted for many years. There are significant changes directly associated with the Valuation Roll function. These involve shortening the current 5-year revaluation cycle to a 3-year cycle and introducing significant alterations to the legislation which supports the Valuation Roll appeal process. Legislation which supports the Valuation Roll appeal process has yet to be passed. Primary legislation was enacted during 2020 with the elements due to come into force in 2022. Due to the COVID-19 pandemic the principal elements will now come into force in 2023. This has led to the delay of the next non-domestic revaluation by a year. Internal organisational timetables and proposed system developments have been reviewed to support the effective delivery of the NDR Reform agenda, taking account of the new timetable. In terms of Council Tax, the system faces continual criticism and it is likely that further consultative processes shall emerge in the coming years concerning changes to the system. This uncertainty moving forward is a risk to the Board.

#### 5. Review of the Lothian Valuation Joint Board performance 2021/22

##### 5.1 Financial Performance

The Board achieved outturn expenditure within budget for 2021/22. Variance explanations are provided in the following table.

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

# LOTHIAN VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY

### 5. Review of the Lothian Valuation Joint Board performance 2021/22 (Contd.)

The outturn position is summarised below:

	Core Expenditure, NDR Reform and SPE 2021			Individual Electoral Registration (IER)			Total		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
• Employees	4,632	4,384	(248)	92	78	(14)	4,724	4,462	(262)
• Property	541	460	(81)	0	0	0	541	460	(81)
• Transport and Plant	76	45	(31)	0	0	0	76	45	(31)
• Supplies and Services	790	857	67	0	24	24	790	881	91
• Third Party Payments	158	132	(26)	0	0	0	158	132	(26)
• Support services	67	66	(1)	0	0	0	67	66	(1)
Total gross expenditure	6,264	5,944	(320)	92	102	10	6,356	6,046	(310)
• Sales, fees & charges	(43)	(45)	(2)	0	0	0	(43)	(45)	(2)
• IER Grant	0	0	0	(92)	0	92	(92)	0	92
• Other grants and contributions	0	0	0	0	0	0	0	0	0
• IORB	(3)	(2)	1	0	0	0	(3)	(2)	1
Total income	(46)	(46)	(0)	(92)	0	92	(138)	(46)	92
• Reserve Contribution	0	320	320	0	(102)	(102)	0	218	218
Total net expenditure	6,218	6,218	(0)	0	0	0	6,218	6,218	(0)

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

• <u>Employees</u>	£'000
Delays and non-filling of vacant posts resulted in a Core budget staff cost underspend.	(248)
• <u>Property</u>	
The was a reduced spend on office running costs due to COVID-19 related home working. The principle variances arose on energy costs, cleaning and repairs expenditure.	(81)
• <u>Transport costs</u>	
Travel costs were reduced due to reduced external survey work, as a consequence of the COVID-19 Pandemic.	(31)
• <u>Supplies and Services</u>	
The variance mainly reflects additional postage costs incurred to deliver the Scottish Parliamentary Election of 2021 and the 2022 Council Elections. In 2021, the Scottish Government provided funding for election costs. The additional postage costs were funded by drawdown of an earmarked Reserve balance created following provision of this funding.	67
• <u>Third Party Payments and Support Services</u>	
The main variance of £18,000 reflects costs of Non Domestic Rates Reform being less than budget.	(27)
• <u>Income</u>	(0)
• <u>Reserve Drawdown</u>	
Due to the underspends referred to above and the additional Elections funding received during 2021, the Board achieved a net underspend of £0.320m against Core expenditure, Non-Domestic Rates Reform and Elections costs. After drawing down £0.102m to meet costs of Individual Electoral Registration, a contribution of £0.218m will be made to the Board's Reserves. Of this, unspent Non Domestic Rates Reform funding of £0.148m will be transferred to an earmarked balance.	320
<b>Total net expenditure</b>	<b>(0)</b>

In accordance with paragraph 8 of the Valuation Joint Boards (Scotland) Order 1995, all under spending of the Board is retained in the form of a usable reserve. The usable reserve balance at 31st March 2022 is £1.450m. £0.148m is earmarked for future costs of NDR Reform and £0.080m is earmarked for Individual Electoral Registration. The non-earmarked usable reserve balance is £1.222m.

#### 5.2 Overview of performance targets in 2021/22

During 2021/22 the COVID-19 pandemic had a material effect on the Boards performance as defined by its Key Performance Indicators. The principal of these show that 87.51% (84.90% 2020/21; 91.21% 2019/20; 93.75% 2018/19; 95.93% 2017/18; 93.86% 2016/17) of all new houses were entered onto the Council Tax List within three months following occupation and that 55.94% (53.42% 20/21; 67.39% 2019/20; 57.86% 2018/19; 63.10% 2017/18; 47.15% 2016/17) of all Valuation Roll amendments were made within three months following completion. During 2020/21 5,885 new houses were added to the Council Tax list while 2,778 amendments were made to the Valuation Roll.

# LOTHIAN VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY

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### 5. Review of the Lothian Valuation Joint Board performance 2021/22 (Contd.)

Following the 2017 Revaluation 13,000 appeals were lodged against rateable values appearing in the new Roll. As of 31st May 2021 98.1% of these appeals had been dealt with. The statutory deadline for disposal of all appeals was 31st December 2021. The outstanding appeals have been referred to the Lands Tribunal.

The Electoral Register was maintained throughout 2021/22 with 96,835 electors added and 82,615 deleted. The 2021 household canvass, which was based on the new canvass model, achieved a return rate of 87.43%, (85.61% 2020; 74.2% 2019; 75% 2018; 74% 2017; 70% 2016).

The electorate statistics as of 27th April 2022 presents a snapshot. As of 27th April 2022, there were 708,315 persons on the Electoral Roll (April 2021: 707,773; April 2020: 698,145; April 2019: 662,308, April 2018: 659,519; March 2017: 657,858; April 2016: 650,531; February 2015: 660,030; March 2014: 639,401).

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

The main trends and factors likely to affect the development and performance of the Board are those that influence the future direction of service provision. This direction is driven by legislative changes enacted, new case law and formal reviews. This creates uncertainty and is amplified when placed within the current environment of fiscal constraint that all local authority bodies are facing. Changes to the Electoral Registration process, the NDR Reform agenda and the possibility of further review of Council Tax alternatives are all examples of organisational and service delivery challenges. The Transformation and Cultural Change Programme (TCCP) continued through 2021/22 with a number of key operational objectives coming online. These included moving to an IT driven mobile survey system for Council Tax, the completion of process and procedural changes to maximise the benefit of the implementation of the Valuation Services Team, and the development of a Basic Rates Evaluation system. These were all designed to position the Board within a positive forward-looking environment where challenges set against fiscal constraint can begin to be confronted. Phase 3 of the TCCP is now being developed to reflect on the impact of COVID-19 and further investigate leaner ways of working and continued organisational improvement. To enable this, an internal transformation project team will be created, populated with a cross-section of staff who will assist in evaluating progress to date and be responsible for the creation of new initiatives and innovative approaches to further enhance service delivery channels and performance targets. One of the primary objectives of the group will be defining how the Board deals with this turbulent period of true organisational change. It is essential to ensure that there is transparency and awareness amongst Board staff and that they are empowered with the necessary knowledge and ability to make this transition sustainable.

Over the last year, the Board has realised a further £0.348m of core underspend through vigilant budget management, vacancy control and reduced property and service costs. This is in addition to the core underspends achieved during 2020/21. Reduced Non-Domestic Rates Reform costs of £0.148m and a Reserve drawdown of £0.176m to meet Election costs contributed to a net underspend of £0.320m. A longer-term financial strategy is currently being formulated to focus on a term of stability that will enable the Board to focus on additional transformation initiatives and cultural change. Fiscal savings and the drive for modernisation must be set against the requirement for the Board to deliver its statutory duties and services to a high standard and to be properly positioned to undertake any further legislative changes that shape and form future service. Any fiscal savings also have to be seen in light of other inescapable financial costs including a proposed increase in the rent payable on the Board's premises at South Gyle Crescent, the potential impact of the introduction of the workplace parking levy and unavoidable employee costs in terms of annual pay rises and the associated other costs with annual pay increases. In general, the picture is still one of competing priorities: - fiscal constraint and the need for savings and a change and modernisation strategy aimed at supporting a shifting legislative landscape within which services are delivered and operational efficiency is increased.

Whilst the impact of COVID-19 has greatly reduced, the potential impact of future COVID variants should not be ignored. External survey work is now taking place more in line with pre-COVID practices, albeit with appropriate mitigations in place. In person Valuation Appeal Committee (VAC) hearings restarted in September 2021 and continue to do so. The transfer of the VAC to the Scottish Court and Tribunal Service is scheduled for the 1st of January 2023. How this service will work in practice is unknown at the current time and may impact on workloads and service provision.

Further legislative change is expected in 2022/23 with regard to both Non-Domestic Rating and Electoral Registration. Though some of the legislative change can be anticipated some cannot nor can the potential impact on future workloads and the potential financial impact of legislative change.

The Scottish Government has adopted the main recommendations contained within the 2017 Barclay Review of NDR into an NDR strategy. This strategy has far-reaching consequences for the Board. In particular the long standing five yearly process of revaluation shall be condensed into a three-yearly cycle. This, and other associated legislative changes, have required that the NDR business model currently in operation within the Board be reviewed and overhauled in order to meet this new statutory requirement. While the first revaluation under these three yearly cycles shall now take place in 2023, planning, timetabling and systems developments have already commenced. The appeal timetable for the 2017 Revaluation has been extended to 31st December 2023. This was undoubtedly done as there are still some 80,000 appeals outstanding in Scotland on the basis of COVID-19, of which 17,000 were lodged within Lothian. Though to be welcomed, these 17,000 appeals will still require to be programmed and legislation is still moving through the Scottish Parliament in relation to these appeals. Until that legislation is passed, the impact on workloads is to an extent still an unknown. Corresponding internal timetables and associated planning have been reviewed to reflect these changes.

# LOTHIAN VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY

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

An appropriate risk register shall be compiled with corresponding mitigation action to reflect this change in circumstances. It should be noted that additional funding has been made available by Scottish Government within the Local Government Finance Settlement to support the introduction of the NDR Reform agenda. In respect of the Council Tax function, considerable uncertainty remains surrounding its ongoing viability as a taxation system, without major overhaul. Until further consultation on possible changes or alternative approaches takes place, the future of Council Tax and the implications that arise remain a risk to the Board.

It is beyond question that the Board is facing the most significant period of transformation that the Valuation service has ever experienced, both from an internal organisation and external legislation perspective.

A new canvass model was introduced during 2020, in part to negate the high costs of IER (Individual Electoral Registration). Though the first two years of this new canvass model has been successful, with an increased return rate and a significant reduction in the necessity to issue paper returns, it will only be in subsequent years where the full cost savings will become known. No additional Cabinet Office funding was received in 2021/22.

The 2017 Revaluation gave rise to receipt of 13,000 Revaluation appeals - the highest ever following a revaluation exercise. 2021 was the final year in which these appeals must be concluded, following an earlier change to the disposal timetable. All appeals that fell into this category have been resolved with the exception of a relatively small number that were referred to the Lands Tribunal.

The success of the Board's Governance Strategy Group meetings has allowed provision of invaluable insight into the Board's strategy, challenges, service delivery and vision; this to members of the Board out with the formal board meetings.

Cyber security is an ever evolving issue to be faced. Through insurance, education, staff awareness and membership of Government organisations such as the Cyber Security and Information Sharing Partnership (CISP) the Board aims to mitigate, as much as possible, any issues relating to cyber security. Regardless of the Board's size as an organisation, it is understood in today's world how serious a matter this is.

### 7. COVID-19 pandemic

The challenges and restrictions of the COVID-19 pandemic continued to impact working conditions in 2021/22. Most staff have continued to work from home throughout the year. Access to the office buildings at South Gyle was on a strictly limited basis for the majority of this period. Moving forward, as restrictions have been lifted, access to South Gyle is less restricted. Throughout the year, stakeholder and public access to the organisation via email and telephone has been maintained. As a result, service delivery has only been restricted where the flow of necessary information from third parties has been disrupted, or where a physical inspection of properties was required. The physical inspection of properties has now resumed.

As working from home arrangements continue, a high level of communication amongst all staff is being maintained. All staff now have remote access to organisational IT systems and have been provided with office-issued IT hardware. A Working from Home policy has been drafted and discussed with staff representatives and envisages that a return to office working will be on a blended basis. The potential from hybrid working is substantial. Apart from the obvious reduced need for office space in the future, other opportunities hybrid working presents include the ability to re-allocate work, improve load-balancing of tasks, re-engineer methods of engagement with stakeholders and improve carbon footprint. Hybrid working will also help to create a dynamic, adaptable and flexible workforce, breaking down the traditional top-down management model to get the most out of staff and provide them with the necessary work/life balance to achieve this. Unprecedented access to training initiatives, new performance systems, coaching, mentoring and support for the essential staff resource will go hand in hand with this proposed hybrid working model.

COVID-19 did have a financial impact on the Board. The majority of this expenditure was on essential IT equipment to allow staff to work remotely. It is not envisaged that significant additional costs will arise from the pandemic, moving forward. It should be noted that these additional costs were in some part offset by savings that have included decreased utility costs and reduced staff travel expenses.

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

# LOTHIAN VALUATION JOINT BOARD

## STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

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### The Board's Responsibilities

The Board is required:

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

### The Treasurer's Responsibilities

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

In preparing the Annual Accounts, the Treasurer has:

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

The Treasurer has also:

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

### The Annual Accounts

The Annual Accounts present a true and fair view of the financial position of the Board as at 31st March 2022, and its income and expenditure for the year ended 31st March 2022.

Treasurer:  
Hugh Dunn, CPFA

Date: 7th June 2022



## LOTHIAN VALUATION JOINT BOARD

### MOVEMENT IN RESERVES STATEMENT

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

2020/21 - Previous Year Comparative	Usable Reserves	Unusable Reserves	Total Board Reserves
	General Fund Balance		
	£'000	£'000	£'000
Opening Balances at 1 April 2020	(1,181)	5,899	4,718
<b>Movement in reserves during 2020/21</b>			
(Surplus) or deficit on provision of services	490	0	490
Other Comprehensive Expenditure and Income	0	1,411	1,411
<b>Total Comprehensive Income and Expenditure</b>	<b>490</b>	<b>1,411</b>	<b>1,901</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations (Note 7.2)</b>	<b>(541)</b>	<b>541</b>	<b>0</b>
<b>Net (increase)/decrease before transfers to Other Statutory Reserves</b>	<b>(51)</b>	<b>1,952</b>	<b>1,901</b>
<b>(Increase)/Decrease in 2020/21</b>	<b>(51)</b>	<b>1,952</b>	<b>1,901</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>(1,232)</b>	<b>7,851</b>	<b>6,619</b>

2021/22 - Current Financial Year	Usable Reserves	Unusable Reserves	Total Board Reserves
	General Fund Balance		
	£'000	£'000	£'000
Opening Balances at 1 April 2021	(1,232)	7,851	6,619
<b>Movement in reserves during 2021/22</b>			
(Surplus) or deficit on provision of services	694	0	694
Other Comprehensive Expenditure and Income	0	(10,628)	(10,628)
<b>Total Comprehensive Income and Expenditure</b>	<b>694</b>	<b>(10,628)</b>	<b>(9,934)</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations (Note 7.1)</b>	<b>(913)</b>	<b>913</b>	<b>0</b>
<b>Net (increase)/decrease before transfers to Other Statutory Reserves</b>	<b>(218)</b>	<b>(9,715)</b>	<b>(9,934)</b>
<b>(Increase)/Decrease in 2021/22</b>	<b>(218)</b>	<b>(9,715)</b>	<b>(9,934)</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>(1,450)</b>	<b>(1,864)</b>	<b>(3,314)</b>

<b>General Fund analysed over:</b>	<b>£'000</b>
Amounts earmarked	(228)
Amounts uncommitted	(1,222)
<b>Total General Fund Balance at 31 March 2022</b>	<b>(1,450)</b>

## LOTHIAN VALUATION JOINT BOARD

### COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2020/21				2021/22		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
7,193	(751)	6,442	Core budget	6,689	(33)	6,656
165	(54)	111	Individual electoral registration	102	0	102
<b>7,358</b>	<b>(805)</b>	<b>6,553</b>	<b>Cost Of Services</b>	<b>6,791</b>	<b>(33)</b>	<b>6,758</b>
			<b>Financing and Investment Income:</b>			
0	0	0	Interest & Investment income (Note 10.5)	0	(2)	(2)
1,408	0	1,408	Interest Cost on Defined Benefit Obligation (Note 21.5)	1,419	0	1,419
0	(1,263)	(1,263)	Interest Income on Plan Assets (Note 21.4)	0	(1,251)	(1,251)
<b>1,408</b>	<b>(1,263)</b>	<b>145</b>	<b>Total Financing and Investment Income</b>	<b>1,419</b>	<b>(1,253)</b>	<b>166</b>
			<b>Non-Specific Grant Income:</b>			
0	(6,208)	(6,208)	Constituent council requisitions (Note 25)	0	(6,230)	(6,230)
<b>0</b>	<b>(6,208)</b>	<b>(6,208)</b>	<b>Total Non-Specific Grant Income</b>	<b>0</b>	<b>(6,230)</b>	<b>(6,230)</b>
<b>8,766</b>	<b>(8,276)</b>	<b>490</b>	<b>(Surplus) or Deficit on Provision of Services (Note 2)</b>	<b>8,210</b>	<b>(7,516)</b>	<b>694</b>
			<b>Other Comprehensive Income and Expenditure:</b>			
12,384	0	12,384	Change in Financial Assumptions (Note 21.5)	0	(4,512)	(4,512)
0	(3,101)	(3,101)	Change in Demographic Assumptions (Note 21.5)	0	(425)	(425)
0	(136)	(136)	Other Experience (Note 21.4 & 21.5)	103	0	103
0	(7,736)	(7,736)	Return on pension assets excl. amounts included in net int. (Note 21.4)	0	(5,794)	(5,794)
<b>21,150</b>	<b>(19,249)</b>	<b>1,901</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>8,313</b>	<b>(18,247)</b>	<b>(9,934)</b>

## LOTHIAN VALUATION JOINT BOARD

### BALANCE SHEET

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

31 March 2021 £'000		Notes	31 March 2022 £'000
328	Property, plant and equipment	8.1	310
40	Intangible assets	9	39
62	Long-term debtors	23	56
430	<b>Long term assets</b>		405
145	Short-term debtors	11	130
1,750	Cash and cash equivalents	12	1,782
1,895	<b>Current assets</b>		1,912
(509)	Short-term creditors	13	(335)
(509)	<b>Current liabilities</b>		(335)
(385)	Other long-term liabilities	24	(350)
(8,050)	Other long-term liabilities (Pensions)	21.3	1,682
(8,435)	<b>Long-term liabilities</b>		1,332
(6,619)	<b>Net liabilities</b>		3,314
(1,232)	Usable reserves	14	(1,450)
7,851	Unusable reserves	14	(1,864)
6,619	<b>Total reserves</b>		(3,314)

The unaudited Annual Accounts were authorised for issue by the Treasurer on 7th June 2022

**Treasurer:**  
Hugh Dunn, CPFA

**Date:** 7th June 2022

## LOTHIAN VALUATION JOINT BOARD

### CASH FLOW STATEMENT

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

31 March 2021 £'000	31 March 2021 £'000		31 March 2022 £'000	31 March 2022 £'000
<b>OPERATING ACTIVITIES</b>				
(220)		Cash received for goods and services	(33)	
(590)		Government grants	0	
0		Other local authorities	0	
0		Interest received	(2)	
(6,208)		Other operating cash receipts	(6,230)	
	<b>(7,018)</b>	<b>Cash inflows generated from operating activities</b>		<b>(6,265)</b>
4,852		Cash paid to and on behalf of employees	4,612	
1,778		Cash paid to suppliers of goods and services	1,559	
	<b>6,630</b>	<b>Cash outflows generated from operating activities</b>		<b>6,170</b>
	<b>(388)</b>	<b>Net cash flows from operating activities (Note 15.1)</b>		<b>(94)</b>
<b>INVESTING ACTIVITIES</b>				
130		Purchase of property, plant and equipment and intangible assets.	62	
	<b>130</b>	<b>Net cash flows from investing activities</b>		<b>62</b>
	<b>(258)</b>	<b>Net (increase)/decrease in cash and cash equivalents (Note 15.2)</b>		<b>(32)</b>
<b>1st April £'000</b>	<b>1st April £'000</b>		<b>1st April £'000</b>	<b>1st April £'000</b>
1,492		Cash and cash equivalents	1,750	
	1,492			1,750
<b>31st March</b>			<b>31st March</b>	
1,750		Cash and cash equivalents	1,782	
	1,750			1,782
	<b>(258)</b>	<b>Net (increase)/decrease in cash and cash equivalents (Note 15.2)</b>		<b>(32)</b>

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

### 1. STATEMENT OF ACCOUNTING POLICIES

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#### 1.1 General

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

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

#### 1.2 Accruals of Expenditure and Income

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

#### 1.3 Cash and Cash Equivalents

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

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

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

#### 1.5 Revenue Expenditure

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

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

All revenue expenditure is accounted for on an accruals basis.

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

#### 1.6 Capital Expenditure

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

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

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

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#### 1.7 Short Term Debtors and Short Term Creditors

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

#### 1.8 Value Added Tax

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

#### 1.9 Non-Current Assets

##### a) Intangible Assets

###### Recognition:

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

###### Amortisation:

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

###### Measurement:

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

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

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

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

###### Recognition:

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

###### Amortisation:

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

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

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

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

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

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

###### Depreciation (Contd.):

- Non-current assets are depreciated as follows:

Asset	Years
Property (Leasehold improvements) - 25 years (currently 10 years remaining) Depreciated over remaining life of asset	10
Vehicles, plant and equipment	5

###### Measurement:

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

###### De-recognition:

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

###### Impairment:

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

#### 1.10 Overheads and Support Services

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

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

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

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

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

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

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

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#### 1.12 Leases

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

##### a) Finance Leases

###### *Leased-in assets*

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

###### *Leased-out assets*

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

##### b) Operating Leases

###### *Leased-in assets*

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

###### *Leased-out assets*

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

#### 1.13 Provisions

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

#### 1.14 Contingent Liability

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

#### 1.15 Contingent Assets

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

#### 1.16 Employee Benefits

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



# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

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

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#### 1.17 Termination Benefits

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

#### 1.18 Pensions

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

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

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

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

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

#### 1.19 Revenue Contributions

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

#### 1.20 Reserves

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

The Board operates the following usable reserves:

**a) General Fund**

This represents the balance of the surpluses or deficits arising from the Comprehensive Income and Expenditure Statement. The Board changed its accounting policy in relation to unspent requisitions during 2015/16. In February 2018 the Board approved a formal reserves policy based on holding a general reserve with a minimum value of 3% of annual requisition. Balances held in excess of 3% require to be reviewed annually in-line with risk/identified commitments.

The Board operates the following unusable reserves:

**b) Capital Adjustment Account**

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

**c) Pension Reserve**

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

**d) Accumulated Absences Account**

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

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

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

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#### 1.21 Financial Instruments

##### a) *Financial Liabilities*

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. As at 31st March 2022, the Board had no borrowings.

##### b) *Financial Assets*

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

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

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

#### 1.22 Events After the Balance Sheet Date

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

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

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

#### 1.23 Exceptional Items

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

#### 1.24 Going Concern

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

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

### 2. EXPENDITURE AND FUNDING ANALYSIS

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

EXPENDITURE AND FUNDING ANALYSIS						
Net Expend. Chargeable to the General Fund	2020/21		Net Expenditure in the CIES	Net Expend. Chargeable to the General Fund	2021/22	
	Adjustments	Net			Adjustments	Net
	£000	£000			£000	£000
6,054	387	6,442	Core Budget	5,910	746	6,656
102	9	111	Individual Electoral Registration	102	0	102
<b>6,156</b>	<b>396</b>	<b>6,553</b>	<b>Net Cost of Services</b>	<b>6,012</b>	<b>746</b>	<b>6,758</b>
			<b>Other Income and Expenditure</b>			
(6,208)	0	(6,208)	Constituent council requisitions	(6,230)	0	(6,230)
0	0	0	Interest and investment income	0	(2)	(2)
0	145	145	Net pension interest cost	0	168	168
<b>(51)</b>	<b>541</b>	<b>490</b>	<b>(Surplus) or deficit on the provision of services</b>	<b>(218)</b>	<b>913</b>	<b>694</b>
(1,181)			Opening General Fund Balance	(1,232)		
(51)			(Surplus) / Deficit on the provision of services	(218)		
<b>(1,232)</b>			<b>Closing General Fund Balance at 31 March</b>	<b>(1,450)</b>		

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

##### 2.1 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2021/22:

	Adjusts. For Capital Purposes	Net Change for Pensions	Adjusts.	Other Differences	Total Statutory Adjusts.	Presentation Adjusts.	Total Adjusts.
	£000	£000	£000	£000	£000	£000	£000
Core budget	19	896	(3)	913	2	915	
Individual electoral registration	0	0	0	0	0	0	
<b>Net Cost of Services</b>	<b>19</b>	<b>896</b>	<b>(3)</b>	<b>913</b>	<b>2</b>	<b>915</b>	
<b>Other Income and Expenditure</b>							
Constituent council requisitions	0	0	0	0	0	0	
Interest and investment income	0	0	0	0	(2)	(2)	
Net pension interest cost	0	0	0	0	0	0	
<b>(Surplus) or deficit on the provision of services</b>	<b>19</b>	<b>896</b>	<b>(3)</b>	<b>913</b>	<b>0</b>	<b>913</b>	

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

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

Notes to the Expenditure and Funding Analysis:

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

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

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

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

	Core Budget £000	Individual Electoral Registration £000	Total £000
<b>Expenditure</b>			
Employee expenses	4,382	78	4,460
Other service expenses	1,493	25	1,518
Support service recharges	66	0	66
<b>Total Expenditure</b>	<b>5,941</b>	<b>102</b>	<b>6,043</b>
<b>Income</b>			
Revenues from external customers	(33)	0	(33)
Income from recharges for services	0	0	0
Interest and investment income	(2)	0	(2)
<b>Total Income</b>	<b>(34)</b>	<b>0</b>	<b>(34)</b>
<b>Net Cost of Services per EFA</b>	<b>5,907</b>	<b>102</b>	<b>6,009</b>

#### 2.3 Expenditure and Income Analysed by Nature

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

	2020/21 £000	2021/22 £000
<b>Expenditure</b>		
Employee expenses	5,423	5,185
Other service expenses	1,795	1,456
Support service recharges	68	66
Depreciation and impairment	72	81
Interest payments	1,408	1,419
<b>Total Expenditure</b>	<b>8,766</b>	<b>8,207</b>
<b>Income</b>		
Fees, charges and other service income	(317)	(33)
Government grants and other contributions	(488)	0
Interest and investment income	(1,263)	(1,253)
Income from constituent Councils	(6,208)	(6,230)
<b>Total Income</b>	<b>(8,276)</b>	<b>(7,516)</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>490</b>	<b>691</b>

## LOTHIAN VALUATION JOINT BOARD

### NOTES TO THE ANNUAL ACCOUNTS

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

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The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2021/22 Code. For 2021/22 the following accounting policy changes that need to be reported relate to annual improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes four changed standards:

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS;
- IAS 37 (Onerous contracts) – clarifies the intention of the standard;
- IFRS 16 (Leases) – amendment to remove an example not referenced in the Code material;
- IAS 41 (Agriculture) – only expected to apply to local authorities in limited circumstances.

CIPFA/LASAAC does not envisage the changes having a significant effect on local authority financial statements.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

#### 4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- There is high degree of uncertainty about future levels of funding for local government. The Board has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Board might be impaired as a result of a need to reduce levels of service provision.
- Local Government Pension Scheme - Guaranteed minimum pension (GMP). The interim solution to avoid inequalities between men and women's benefits following the introduction of the Single State Pension in 2016 resulted in a recalculation of pension liabilities for the estimated impact of GMP indexation changes. The Board's actuary's understanding is that the further Lloyd's ruling is unlikely to have a significant impact on the pension obligations of a typical employer. As the historic individual member data required to assess an impact is not readily available, the Board's actuary has not made any allowance for this within the pension liability calculation.
- Local Government Pension Scheme (LGPS) - McCloud judgement. An allowance for the estimated impact of the McCloud judgement was included within the 31 March 2021 valuation position. The impact was calculated based on the eligibility criteria of being included within the proposed solution for the McCloud judgement (i.e. any active member who was a participant in the Fund as at 1 April 2012 will be given the greater of the final salary pension or CARE pension upon retirement). The McCloud allowance is therefore included in the 31 March 2022 pension liability.
- The Goodwin case judgement, in respect of deemed discrimination in spousal transfer on death of a member, may also result in the potential increasing of the pension liabilities. Whilst there is still uncertainty surrounding the potential remedy to the Goodwin judgement, the Board's actuary has undertaken analysis to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits. The approximate impact of this is very small for a typical Fund (c 0.1-0.2% of obligations). The Board's actuary does not believe there are sufficient grounds to apply an additional adjustment to account for this.
- The Walker and O'Brien court cases may impact on future LGPS benefits. The Board's actuary understands these are unlikely to be significant judgements in terms of impact on the pension obligations of a typical employer. As a result, and until further guidance is released from the relevant governing bodies in the LGPS, no allowance has been made for the potential remedies for these judgements.

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

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

##### 5.1 Property, Plant and Equipment

###### *Uncertainties*

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

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

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

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

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

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#### 5.2 Pension Liabilities

##### *Uncertainties*

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

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

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data, for cash contribution setting purposes. For LGPS Funds, asset investment returns have been greater than expected compared to last year's accounting date assumption. The net discount rate assumption has increased by more than the increase in the CPI assumption, which has resulted in a gain on the balance sheet position. For a medium duration LGPS employer, this could be of the order of 6-8% of obligations. Using more up-to-date longevity assumption has also led to a small gain on the obligations.

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

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

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

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

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

	Approximate % increase to Employer Obligations %	Approximate monetary value £000
0.1% decrease in Real Discount Rate	2%	1,235
1 year increase in member life expectancy	4%	2,712
0.1% increase in the Salary Increase Rate	0%	169
0.1% increase in the Pension Increase Rate (CPI)	2%	1,055

### 6. EVENTS AFTER THE REPORTING PERIOD

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There are no events after the reporting period.

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

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

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

2021/22 - Current Financial Year	Usable Reserves	Unusable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Adjustment Account	Pension Reserve	Accumulated Absence Account	
	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account</b>					
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>					
Charges for depreciation and impairment of non-current assets	(51)	51	0	0	51
Depreciation of intangible assets	(30)	30	0	0	30
<b>Insertion of items not debited or credited to the CIES</b>					
Capital expenditure charged against General Fund Balance	62	(62)	0	0	(62)
<b>Adjustments primarily involving the Pensions Reserve</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	(1,787)	0	1,787	0	1,787
Employer's pension contributions and direct payments to pensioners payable in the year	891	0	(891)	0	(891)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account</b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3	0	0	(3)	(3)
<b>Total Adjustments</b>	<b>(913)</b>	<b>19</b>	<b>896</b>	<b>(3)</b>	<b>913</b>

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

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

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

2020/21 - Previous Year Comparative	Usable Reserves		Unusable Reserves		
	General Fund Balance	Capital Adjustment Account	Pension Reserve	Accumulated Absence Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account</b>					
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>					
Charges for depreciation and impairment of non-current assets	(55)	55	0	0	55
Depreciation of intangible assets	(18)	18	0	0	18
<b>Insertion of items not debited or credited to the CIES</b>					
Capital expenditure charged against General Fund Balance	130	(130)	0	0	(130)
<b>Adjustments primarily involving the Pensions Reserve</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	(1,465)	0	1,465	0	1,465
Employer's pension contributions and direct payments to pensioners payable in the year	945	0	(945)	0	(945)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account</b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(79)	0	0	79	79
<b>Total Adjustments</b>	<b>(541)</b>	<b>(57)</b>	<b>520</b>	<b>79</b>	<b>541</b>



# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

### 8. PROPERTY PLANT AND EQUIPMENT

#### Movements on balances:

8.1 <u>Current Year Movements in 2021/22</u>	Leasehold Improvements £000's	Vehicles Plant and Equipment £000's	Total Property Plant and Equipment £000's
<b>Cost or Valuation</b>			
At 1st April 2021	432	218	650
Impairment	0	(15)	(15)
Derecognised assets GBV reversal	0	(49)	(49)
Additions	0	33	33
At 31st March 2022	432	186	618
<b>Accumulated Depreciation</b>			
At 1st April 2021	(238)	(84)	(322)
Derecognised assets depreciation reversal	0	49	49
Depreciation charge	(18)	(32)	(50)
Impairment	0	14	14
At 31st March 2022	(256)	(53)	(308)
<b>Net Book Value at 31st March 2022</b>	<b>176</b>	<b>133</b>	<b>310</b>

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

#### 8.3 Depreciation

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

- Leasehold improvements (buildings) - 25 years (currently 10 years remaining)
- Vehicles, plant and equipment - 5 years

## LOTHIAN VALUATION JOINT BOARD

### NOTES TO THE ANNUAL ACCOUNTS

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

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##### 8.4 Capital Commitments

There were no capital commitments entered into by the Board as at 31st March 2022.

##### 8.5 Revaluations

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

The significant assumptions applied in estimating the fair values are:

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

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

### 9. INTANGIBLE ASSETS

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

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

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

The carrying amount of intangible assets is depreciated on a straight-line basis. Amortisation of £0.030m was charged to the Comprehensive Income and Expenditure during 2021/22.

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

	2020/21	2021/22
	£'000	£'000
Balance at start of year:		
• Gross carrying amounts	157	172
• Accumulated amortisation	(114)	(132)
<b>Net carrying amount at start of year</b>	<b>43</b>	<b>40</b>
Additions	15	29
Amortisation for the period	(18)	(30)
<b>Net carrying amount at end of year</b>	<b>40</b>	<b>39</b>
Comprising:		
• Gross carrying amounts	172	153
• Accumulated amortisation	(132)	(115)
	40	39

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

### 10. FINANCIAL INSTRUMENTS

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

#### 10.2 Financial Instruments - Classifications

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

##### Financial Liabilities

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

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

- Trade payables for goods and services received.

##### Financial Assets

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

Amortised cost comprising:

- Cash in hand,
- Cash and cash equivalents (Loans and receivables). The Board maintains its funds as part of the City of Edinburgh Council's group of bank accounts. Any cash balance is effectively lent to the Council, but is offset by expenditure undertaken by the City of Edinburgh Council on behalf of the Board. Interest is given on month end net indebtedness balances between the Council.
- Trade receivables for goods and services provided.

#### 10.3 Financial Instruments - Balances

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

	Non-Current		Current	
	31st March 2021	31st March 2022	31st March 2021	31st March 2022
	£'000	£'000	£'000	£'000
<b>Financial Liabilities</b>				
Trade creditors	0	0	0	0

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

	Non-Current		Current	
	31st March 2021	31st March 2022	31st March 2021	31st March 2022
	£'000	£'000	£'000	£'000
<b>Cash and Cash Equivalents</b>				
Loans and receivables	0	0	1,750	1,782
<b>Debtors</b>				
Trade debtors	0	0	0	0
The debtors lines on the Balance Sheet includes no short-term or long-term debtors.				

#### 10.4 Financial Instruments - Fair Values

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

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2022, using the following methods and assumptions:

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

### 10. FINANCIAL INSTRUMENTS (Contd.)

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

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

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2022, using the following methods and assumptions:

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

The fair values calculated are as follows:

	31 March 2021		31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Trade creditors	0	0	0	0
Trade debtors	0	0	0	0
Loans and receivables	1,750	1,750	1,782	1,782

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

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

	Financial Assets measured at amortised cost 31st March 2021	Financial Assets measured at amortised cost 31st March 2022
	£'000	£'000
Total expense and income in Surplus or Deficit on the Provision of services :		
Interest income	0	(2)

### 11. SHORT TERM DEBTORS

	2020/21	2021/22
	£'000	£'000
Debtors:		
• Trade Receivables	9	7
• Prepayments	136	123
• Other receivable amounts	0	0
	<u>145</u>	<u>130</u>

### 12. CASH AND CASH EQUIVALENTS

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

	2020/21	2021/22
	£'000	£'000
• Cash held by the Board	1	0
• Other local authorities	1,749	1,782
	<u>1,750</u>	<u>1,782</u>

### 13. SHORT TERM CREDITORS

	2020/21	2021/22
	£'000	£'000
Creditors:		
• Trade payables	(42)	(54)
• Other payables	(467)	(281)
	<u>(509)</u>	<u>(335)</u>

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

### 14. USABLE AND UNUSABLE RESERVES

<u>USABLE</u>		2020/21	2021/22
		£'000	£'000
14.1	General Fund Balance	(1,232)	(1,450)
		<u>(1,232)</u>	<u>(1,450)</u>

<u>UNUSABLE</u>		2020/21	2021/22
		£'000	£'000
14.2	Capital Adjustment Account	(368)	(349)
14.3	Pension Reserve	8,050	(1,682)
14.4	Accumulated Absence Account	169	166
		<u>7,851</u>	<u>(1,864)</u>

#### 14.1 General Fund Balance

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

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

In February 2018 the Board approved a formal reserves policy based on holding a general reserve with a minimum value of 3% of annual requisition. Balances held in excess of 3% require to be reviewed annually in-line with risk/identified commitments.

<u>Year</u>	2020/21	2021/22
	£'000	£'000
2010/11	(228)	(228)
2011/12	(42)	(42)
2012/13	(127)	(127)
2013/14	(104)	(104)
2014/15	(309)	(309)
2015/16	(206)	(206)
2016/17	(259)	(259)
2017/18	128	128
2018/19	(121)	(121)
2019/20	87	87
2020/21	(51)	(51)
2021/22		(218)
	<u>(1,232)</u>	<u>(1,450)</u>

#### 14.2 Capital Adjustment Account

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

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

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

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

	2020/21 £'000	2021/22 £'000
<b>Balance at 1st April</b>	(311)	(368)
Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
<ul style="list-style-type: none"> <li>• Charges for depreciation and impairment of non-current assets</li> <li>• Depreciation of intangible assets</li> </ul>	55 18	51 30
Net written out amount of the cost of non-current assets consumed in year	(238)	(287)
Capital financing for the year:		
<ul style="list-style-type: none"> <li>• Statutory provision for the financing of capital expenditure</li> </ul>	(130)	(62)
<b>Balance at 31st March</b>	(368)	(349)

#### 14.3 Pension Reserve

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

	2020/21 £'000	2021/22 £'000
<b>Balance at 1st April</b>	6,119	8,050
Remeasurements of the net defined benefit liability / (asset)	1,411	(10,628)
Reversals of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.	1,465	1,787
Employer's pension contributions and direct payments to pensioners payable in the year.	(945)	(891)
<b>Balance at 31st March</b>	8,050	(1,682)

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

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

#### 14.4 Accumulated Absences Account

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

	2020/21 £'000	2020/21 £'000	2021/22 £'000	2021/22 £'000
<b>Balance at 1st April</b>		91		169
Settlement or cancellation of accrual made at the end of the preceding year	(91)		(169)	
Amounts accrued at the end of the current year	169		166	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		78		(3)
<b>Balance at 31st March</b>		169		166

### 15 CASH FLOW STATEMENT

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

	2020/21 £'000	2021/22 £'000
Net (increase)/decrease in the General Fund Balance	(51)	(218)
Exclude accumulated absences	79	(3)
Exclude revenue contribution to capital	(130)	(62)
	(102)	(283)
(Decrease)/increase in revenue debtors	20	(15)
(Decrease)/increase in long term debtors	(6)	(6)
Decrease/(increase) in deferred credit	35	35
Decrease/(increase) in revenue creditors	(335)	174
Revenue activities net cash flow	(388)	(94)

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

	2020/21 £'000	2021/22 £'000
Due by/(to) the City of Edinburgh Council at 31st March	1,750	1,782
Due by/(to) the City of Edinburgh Council at 1st April	1,492	1,750
(Increase)/decrease in cash	(258)	(32)



## LOTHIAN VALUATION JOINT BOARD

### NOTES TO THE ANNUAL ACCOUNTS

#### 16. MEMBERS ALLOWANCES

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

	2020/21	2021/22
	£000's	£000's
Salaries (incl. NI and Pensions)	10	14
Expenses	0	0
Total	10	14

#### 17. EXTERNAL AUDIT COSTS

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

	2020/21	2021/22
	£000's	£000's
External audit services carried out for the year	8	8

#### 18. RELATED PARTIES

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

##### 18.1 Scottish Government

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

##### 18.2 Members

Members of the Board have direct control over the Board's financial and operating policies. The total of members' allowances paid in 2021/22 shown in Note 16 and the Remuneration Report.

##### 18.3 Other Parties

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

	2020/21	2021/22
	£000's	£000's
• <b>The City of Edinburgh Council:</b>		
Rates	117	117
Rent	305	305
Central support costs	60	67
Interest on revenue balances	0	(2)
Constituent council contribution	(3,805)	(3,833)
Trade Waste/maintenance	4	4
Due from City of Edinburgh Council	1,750	1,782
Long term debtor - lease of office	62	56
Convener remuneration	6	6

## LOTHIAN VALUATION JOINT BOARD

### NOTES TO THE ANNUAL ACCOUNTS

#### 18. RELATED PARTIES (Contd.)

##### 18.3 Other Parties (Contd.)

	2020/21 £000's	2021/22 £000's
<ul style="list-style-type: none"><li>• <b>The Cabinet Office</b></li></ul>		
IER grant received	(54)	0
<ul style="list-style-type: none"><li>• <b>Midlothian Council</b></li></ul>		
Constituent council contribution	(567)	(571)
<ul style="list-style-type: none"><li>• <b>East Lothian Council</b></li></ul>		
Constituent council contribution	(665)	(671)
<ul style="list-style-type: none"><li>• <b>West Lothian Council</b></li></ul>		
Constituent council contribution	(1,171)	(1,155)
Vice Convener remuneration	4	4
<ul style="list-style-type: none"><li>• Clackmannanshire Council</li></ul>	12	29
<ul style="list-style-type: none"><li>• Fife Council</li></ul>	0	2
<ul style="list-style-type: none"><li>• Glasgow City Council</li></ul>	8	8
<ul style="list-style-type: none"><li>• Renfrewshire Council</li></ul>	2	2
<ul style="list-style-type: none"><li>• HM Revenue and Customs</li></ul>	5	0
<ul style="list-style-type: none"><li>• Convention of Scottish Local Authorities</li></ul>	1	2
<ul style="list-style-type: none"><li>• Registers of Scotland</li></ul>	2	2
<ul style="list-style-type: none"><li>• Scottish Court Service</li></ul>	(3)	0

#### 19. TERMINATION BENEFITS

No employees left during 2021/22 incurring termination benefits. The Exit Packages note is shown within the Remuneration Report.

#### 20. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2020/21 £000's	2021/22 £000's
<b>Opening Capital Financing Requirement</b>	<b>0</b>	<b>0</b>
Capital investment		
<ul style="list-style-type: none"><li>• Property, Plant and Equipment</li></ul>	115	33
<ul style="list-style-type: none"><li>• Intangible assets</li></ul>	15	29
Sources of finance		
<ul style="list-style-type: none"><li>• Direct revenue contributions</li></ul>	(130)	(62)
<b>Closing Capital Financing Requirement</b>	<b>0</b>	<b>0</b>

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

### 21. DEFINED BENEFIT PENSION SCHEMES

#### 21.1 Participation in Pension Schemes

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

The Board participates in the following post employment scheme:

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

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

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

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

	2020/21	2020/21	2021/22	2021/22
	£000	£000	£000	£000
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Cost of services, comprising:</b>				
Current service costs	1,223		1,619	
Past service costs	<u>97</u>		0	
		1,320		1,619
<b>Financing and investment income:</b>				
Net interest expense		<u>145</u>		<u>168</u>
<b>Total post employee benefit charged to the surplus on the provision of services</b>		1,465		1,787
<b>Other post-employment benefits charges to the Comprehensive Income / Expenditure Statement</b>				
<b>Remeasurement of the net defined liability, comprising:</b>				
Return on plan assets, excluding the amount incl. in the net interest expense above.	(7,736)		(5,794)	
Actuarial gains and (losses) arising on changes in financial and demographic assumptions	9,283		(4,937)	
Other experience	<u>(136)</u>		<u>103</u>	
		<u>1,411</u>		<u>(10,628)</u>
<b>Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement</b>		<u>2,876</u>		<u>(8,841)</u>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the Code.		<u>(1,931)</u>		<u>9,732</u>
<b>Actual amount charged against the General Fund</b>				
<b>Balance for pensions in the year:</b>				
Employer's contributions payable to the scheme		862		807
Contributions in respect of unfunded benefits		<u>83</u>		<u>84</u>
		<u>945</u>		<u>891</u>

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

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

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

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

	2020/21	2021/22
	£000	£000
Fair value of employer assets	62,734	69,472
Present value of funded liabilities	(68,978)	(66,095)
Present value of unfunded liabilities	(1,806)	(1,695)
Net liability arising from defined benefit obligation	<u>(8,050)</u>	<u>1,682</u>

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

	2020/21	2021/22
	£000	£000
Opening fair value of scheme assets	55,093	62,734
Interest income	1,263	1,251
Remeasurement gain / (loss):		
Return on plan assets, excluding the amount included in the net interest expense	7,736	5,794
Contributions from employer	862	807
Contributions from employees into the scheme	215	213
Contributions in respect of unfunded benefits	83	84
Benefits paid	(1,330)	(1,327)
Other Experience	(1,105)	0
Unfunded benefits paid	(83)	(84)
Closing fair value of scheme assets	<u>62,734</u>	<u>69,472</u>

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

	2020/21	2021/22
	£000	£000
Present value of funded liabilities	(59,444)	(68,978)
Present value of unfunded liabilities	(1,768)	(1,806)
Opening balance at 1 April	<u>(61,212)</u>	<u>(70,784)</u>
Current service cost	(1,223)	(1,619)
Interest cost	(1,408)	(1,419)
Contributions from employees into the scheme	(215)	(213)
Remeasurement gain / (loss):		
Change in financial assumptions	(12,384)	4,512
Change in demographic assumptions	3,101	425
Other experience	1,241	(103)
Past service cost	(97)	0
Benefits paid	1,330	1,327
Unfunded benefits paid	83	84
Closing balance at 31 March	<u>(70,784)</u>	<u>(67,790)</u>

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

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

#### 21.6 Fair Value of Employer Assets

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

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

	2020/21 £000	2020/21 %	2021/22 £000	2021/22 %
<b>Equity Securities</b>				
Consumer *	8,157.0	13	8,546.6	12%
Manufacturing *	9,046.0	14	9,194.4	13%
Energy and Utilities *	3,196.0	5	3,835.2	6%
Financial Institutions *	3,845.0	6	4,004.0	6%
Health and Care *	3,920.0	6	4,812.3	7%
Information Technology *	2,973.0	5	3,156.8	5%
Other *	4,981.0	8	5,179.3	7%
<b>Sub-total Equity Securities</b>	<b>36,118.0</b>		<b>38,728.6</b>	
<b>Debt Securities:</b>				
Corporate Bonds (investment grade) *	0.0	0	0.0	0%
Corporate Bonds (investment grade)	2,140.0	4	0.0	0%
Corporate Bonds (non-investment grade)		0	0.0	0%
UK Government *	5,033.0	8	6,066.9	9%
Other	0.0		1,303.1	2%
<b>Sub-total Debt Securities</b>	<b>7,173.0</b>		<b>7,370.0</b>	
<b>Private Equity</b>				
All	384.0	1	326.7	0%
<b>Sub-total Private Equity</b>	<b>384.0</b>		<b>326.7</b>	
<b>Real Estate:</b>				
UK Property *	0.0	0	0.0	0%
UK Property	3,272.0	5	3,672.6	5%
Overseas Property	7.0	0	19.6	0%
<b>Sub-total Real Estate</b>	<b>3,279.0</b>		<b>3,692.2</b>	
<b>Investment Funds and Unit Trusts:</b>				
Equities *	886.0	1	1,247.9	2%
Bonds *	1,291.0	2	3,253.2	5%
Infrastructure	7,182.0	12	7,043.6	10%
<b>Sub-total Investment Funds and Unit Trusts</b>	<b>9,359.0</b>		<b>11,544.7</b>	
<b>Derivatives:</b>				
Foreign Exchange *	3.0	0	3.3	0%
<b>Sub-total Derivatives</b>	<b>3.0</b>		<b>3.3</b>	
<b>Cash and Cash Equivalents</b>				
All *	6,418.0	10	7,806.5	11%
<b>Sub-total Cash and Cash Equivalents</b>	<b>6,418.0</b>		<b>7,806.5</b>	
<b>Total Fair Value of Employer Assets</b>	<b>62,734.0</b>	<b>100</b>	<b>69,472.0</b>	<b>100%</b>

Scheme assets marked with an asterisk (\*) have quoted prices in current active markets or were in active markets 2021/22.

## LOTHIAN VALUATION JOINT BOARD

### NOTES TO THE ANNUAL ACCOUNTS

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

##### 21.7 Basis for Estimating Assets and Liabilities

Hymans Robertson, the independent actuaries to Lothian Pension Fund, have advised that the financial assumptions used to calculate the components of the pension expense for the year ended 31 March 2022 were those from the beginning of the year (i.e. 31 March 2021) and have not been changed during the year. The main assumptions in the calculations are:

<u>Average future life expectancies at age 65:</u>		2020/21	2021/22
Current pensioners	male	20.5 years	20.3 years
Current pensioners	female	23.3 years	23.1 years
Future pensioners	male	21.9 years	21.6 years
Future pensioners	female	25.2 years	25 years
<u>Financial assumptions:</u>		2020/21	2021/22
Pension increase rate		2.85%	3.20%
Salary increase rate		3.35%	3.70%
Discount rate		2.00%	2.70%

Estimation of defined benefit obligations is sensitive to the actuarial assumptions set out above. In order to quantify the impact of a change in the financial assumptions used, the Actuary has calculated and compared the value of the scheme liabilities as at 31 March 2022 on varying bases. The approach taken by the Actuary is consistent with that adopted to derive the IAS19 figures.

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

<u>Change in assumptions at 31 March 2022:</u>	Approximate % increase to Employer	Approximate Monetary Amount £000
0.1% decrease in Real Discount Rate	2.0%	1,235
1 year increase in member life expectancy	4.0%	2,712
0.1% increase in the Salary Increase Rate	0.0%	169
0.1% increase in the Pension Increase Rate	2.0%	1,055

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

	Assets £000	Obligations £000	Net (liability) / asset £000	% of pay
Projected current service cost	0	(1,443)	(1,443)	(45.7%)
Total Service Cost	0	(1,443)	(1,443)	(45.7%)
Interest income on plan assets	1,869	0	1,869	59.2%
Interest cost on defined benefit obligation	0	(1,833)	(1,833)	(58.1%)
Total Net Interest Cost	1,869	(1,833)	36	1.1%
Total included in Profit or Loss	1,869	(3,276)	(1,407)	(44.6%)

The Board's estimated contribution to Lothian Pension Fund for 2021/22 is £0.688m

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

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

## LOTHIAN VALUATION JOINT BOARD

### NOTES TO THE ANNUAL ACCOUNTS

#### 22. LEASES

##### Operating Leases

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

17a South Gyle Crescent - offices		
	2020/21	2021/22
	£000's	£000's
The future minimum lease payments due in future years are:		
• Not later than 1 year	305	305
• Later than 1 year not later than 5 years	1,221	1,221
• Later than 5 years	1,755	1,450
	<u>3,281</u>	<u>2,976</u>

##### Car Leases

The Board operates an employee car leasing scheme. There were five active leases in operation at 31st March 2022. Employees contributed £0.013m during 2021/22 towards the cost of car leasing. The Board is committed to paying the following sums in future years:

	2020/21	2021/22
	£000's	£000's
The future minimum lease payments due in future years are:		
• Not later than 1 year	11	11
• Later than 1 year not later than 5 years	8	5
	<u>19</u>	<u>16</u>

The Board has two operational leases. These relate to mobile phones/tablet devices and a Xerox photocopying agreement. The costs incurred under both for financial year 2021/22 were £9,034 and £5,975 respectively.

The Board has no finance lease obligations.

#### 23. LONG TERM DEBTORS

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

	2020/21	2021/22
	£000's	£000's
• Cash incentive:		
Balance at 1st April	68	62
Amortised to Comprehensive Income and Expenditure Statement	(6)	(6)
Balance at 31st March	<u>62</u>	<u>56</u>

#### 24. OTHER LONG TERM LIABILITIES

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

	2020/21	2021/22
	£000's	£000's
Balance at 1st April	(420)	(385)
Amortised to Comprehensive Income and Expenditure Statement	35	35
Balance at 31st March	<u>(385)</u>	<u>(350)</u>

## LOTHIAN VALUATION JOINT BOARD

### NOTES TO THE ANNUAL ACCOUNTS

#### 25. CONSTITUENT COUNCIL REQUISITIONS

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

	Due for 2021/22 £000's	Received 2021/22 £000's	Due (to)/from Councils 2021/22 £000's
City of Edinburgh Council	3,833	3,833	0
Midlothian Council	571	571	0
East Lothian Council	671	671	0
West Lothian Council	1,155	1,155	0
	<u>6,230</u>	<u>6,230</u>	<u>0</u>

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

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

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

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

The Board holds its surplus funds with the City of Edinburgh Council and does not place external deposits in its own name. The balance held by and due from the City of Edinburgh Council at 31st March 2022 amounted to £1.782m (2019/20 £1.750m). No breaches of the Board's counterparty criteria occurred during the reporting period and the Board does not expect any losses from non-performance by any of its counterparties in relation to deposits. During the reporting period, the Board held no collateral as security.

#### 27. CONTINGENT LIABILITY

Contingent Assets and Liabilities are not recognised in the accounting statements. Where there is probable inflow or outflow of economic benefits or service potential, these are disclosed in the notes to the financial statements.

Under the terms of the Board's property lease with The City of Edinburgh Council, the Council has undertaken a review of the annual rental value. Officers of the Council and Board are negotiating an outcome to the Review.



# LOTHIAN VALUATION JOINT BOARD

## ANNUAL GOVERNANCE STATEMENT

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### Scope of Responsibility

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

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

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

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

### Accountability

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

### Transparency

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

### Effectiveness and Efficiency

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

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

### The Board's Governance Assurance Framework

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

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

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

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

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

LVJB's Governance Committee provides internal assurance and quality control over the primary functions and services of the organisation. There is also an external Governance Strategy Group that meets regularly with Board members to ensure consistency in respect of governance and service assurance matters. The responsibility for leading and directing the annual reviews of the effectiveness of LVJB's governance arrangements and providing ongoing oversight and robust challenge is City of Edinburgh Council (CEC) Internal Audit and external auditors, Azets.

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

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

## LOTHIAN VALUATION JOINT BOARD

### ANNUAL GOVERNANCE STATEMENT (Contd.)

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#### Review of Effectiveness

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

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

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

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

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

#### Internal Audit Opinion

Internal Audit concluded one review in 2021/22, which assessed the adequacy of design and operating effectiveness of the Board's Council Tax controls. The Board received a report on the recommendations and the outcome of the audit on 7th February 2022. Internal Audit found that, while some control weaknesses were identified in the design and/or effectiveness of the control environment and/or governance and risk management frameworks, reasonable assurance could be provided that risks are being managed, and that the Board's objectives should be achieved.

#### CIPFA Financial Management Code

A requirement of the Annual Governance Statement is to disclose compliance with the CIPFA Financial Management (FM) Code and identify any outstanding areas for improvement or change. The Code is designed to support good practice and assist local government organisations in demonstrating their financial sustainability and resilience, by setting out expected standards of financial management.

An assessment has been undertaken and the Board's financial management arrangements are assessed as being compliant with the FM Code.

#### Coronavirus Pandemic

COVID-19 continues to present organisations with unique challenges. Though there is indication of a return to more familiar routines, there can be no doubt that businesses have had to adapt their operational and service models significantly. Over the last year, LVJB have maintained the provision of high levels of service quality around its three core functions and continue to oversee these services with the necessary governance and control mechanisms required to provide assurance to stakeholders and Board members. The organisation sustains clear and consistent communication with staff as there is a move closer towards a formal hybrid return to work situation. Staff who opt to work from home will undertake appropriate risk assessments to ensure that their working environment is safe and has the necessary resources for them to function effectively.

## **LOTHIAN VALUATION JOINT BOARD**

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

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#### **Coronavirus Pandemic (Contd.)**

Risk management, assessment and evaluation, continues to be monitored via the LVJBs Governance Committee, Project Management Framework, Quality Assurance procedures and Corporate Leadership Team. This provides appropriate levels of assurance which are reviewed through our annual Internal and External audits and are incorporated in this Annual Governance Statement. The pandemic has produced one major risk to the organisation in that circa 17,000 material change of circumstance appeals have been lodged on COVID grounds. Resolving this number of appeals in what would in essence be a 6 month period and at the same time carrying out the 2023 Revaluation would be extremely difficult. Proposed legislation may yet impact on the validity of these appeals and although the disposal timetable has been pushed out to December 2023, this remains a significant risk.

As LVJB has completed over two years of primarily imposed working from home conditions, it has provided the opportunity to refine work practices and to also improve remote security access and system protocols. New and alternative ways of working will continue to evolve and every effort must be made to create organisational and service delivery improvements during this period of continued transition.

#### **Certification**

In compliance with accounting practice, the Treasurer has provided the Assessor and Electoral Registration Officer with a statement on the adequacy and effectiveness of the Board's internal financial control system for the year ended 31st March 2022. It is the Treasurer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's internal control system.

A review was undertaken of the Schedule of Assurance prepared by management. The review did not identify any instances of non-compliance. During 2021/22, no significant Internal Audit findings were raised regarding the governance and scrutiny performed by the Board.

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

# LOTHIAN VALUATION JOINT BOARD

## REMUNERATION REPORT

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

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

- Details of the number of employees whose remuneration was £50,000 or more, which will be disclosed in pay bands of £5,000;
- Details of remuneration paid to senior employees of the Board for 2021/22;
- Details of the Board's senior employees who participate in the Local Government Pension Scheme, administered by the Lothian Pension Fund, and the benefits provided under the scheme.

### 1. Audit of Remuneration Report

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

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

### 2. Remuneration policy

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

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

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

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

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

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

### 3. Pension Entitlement of Senior Employees

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

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

The tiers and members contributions rates for 2021/22 are as follows:

On earnings up to and including £22,300 (5.5%), on earnings above £22,301 and up to £27,300 (7.25%), on earnings above £27,301 and up to £37,400 (8.5%), on earnings above £37,401 and up to £49,900 (9.5%) and on earnings above £49,901 (12%).

# LOTHIAN VALUATION JOINT BOARD

## REMUNERATION REPORT (Contd.)

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

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

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

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

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

### 4. Remuneration by Pay Band

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

Remuneration Band	Number of Employees	
	2020/21	2021/22
£50,000 - £54,999	2	4
£55,000 - £59,999	4	-
£60,000 - £64,999	1	3
£65,000 - £69,999	2	1
£70,000 - £74,999	2	-
£75,000 - £79,999	1	1
£80,000 - £84,999	1	-
£85,000 - £89,999	-	1
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	1	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	1
£130,000 - £134,999	-	-
<b>Totals</b>	<b>14</b>	<b>11</b>

### 5. Remuneration paid to Senior Employees

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

Name and Post Title	Salary, Fees and Allowances 31 March 2021	Salary, Fees and Allowances 31 March 2022
	£	£
G. Elliott - Assessor and Electoral Officer	101,936	129,600
G. Strachan - Assessor and Electoral Reg Officer (Retired)	64,300	n/a
<b>Total</b>	<b>166,236</b>	<b>129,600</b>

# LOTHIAN VALUATION JOINT BOARD

## REMUNERATION REPORT (Contd.)

### 6. Pension Entitlement of Senior Employees

<u>In-year pension contributions</u>		For year to 31 March 2021	For year to 31 March 2022
<u>Name and Post Title</u>		£	£
G. Elliott - Assessor and Electoral Officer		22,827	28,253
G. Strachan - Assessor and Electoral Reg Officer (Retired)		14,403	n/a
<u>Accrued Pension Benefits</u>		As at 31 March 2022	Difference from 31 March 2021
<u>Name and Post Title</u>		£'000	£'000
G. Elliott - Assessor and Electoral Officer	Pension	61	47
	Lump sum	107	84
G. Strachan - Assessor and Electoral Reg Officer (Retired)	Pension	n/a	71
	Lump sum	n/a	136

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

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

### 7. Remuneration of Convener and Vice Conveners

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

<u>Name and Post Title</u>	Salary, fees and allowances £	Taxable Expenses £	Total Remun. 2021/22 £	Total Remun. 2020/21 £
D.Key - Convener	4,677	0	4,677	4,488
A. McGuire - Vice Convener *	3,965	0	3,965	3,892
	8,642	0	8,642	8,380

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

<u>In-year pension contributions</u>		For year to 31 March 2021	For year to 31 March 2022
<u>Name and Post Title</u>		£	£
D.Key - Convener		5,089	5,279
<u>Accrued Pension Benefits</u>		As at 31 March 2022	Difference from 31 March 2021
<u>Name and Post Title</u>			
D.Key - Convener	Pension	4	4
	Lump sum	0	0

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

# LOTHIAN VALUATION JOINT BOARD

## REMUNERATION REPORT (Contd.)

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### 9. Exit Packages

The following information details the number, and total cost, of exit packages agreed and approved by 31st March 2022, grouped in rising bands of £20,000 up to £100,000.

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

Exit Packages Band	Number of Employees		Total Cost	
	2020/21	2021/22	2020/21	2021/22
£0 - £20,000	0	0	£ 0	£ 0
£20,001 - £40,000	1	0	30,115	0
£40,001 - £60,000	0	0	0	0
£60,001 - £80,000	1	0	74,966	0
£80,001 - £100,000	1	0	93,461	0
£100,000+	2	0	220,349	0
<b>Totals</b>	<b>5</b>	<b>0</b>	<b>418,891</b>	<b>0</b>

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

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

The Lothian Valuation Joint Board is required to report a range of information on facility time made available to its employees who are trade union representatives. For the reporting year 2021/22, the equivalent of 0.34 FTE (over 4 individuals) of paid facility time was made available, with an associated cost of £14,411. This sum equates to 0.30% of Lothian Valuation Joint Board's overall pay bill. Of the total time made available, no individual spent 100% of time during the year on trade union-related activities, only between 0% and 50%.

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## Treasury Management Annual Report 2021/22

13th June 2022

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### 1 Purpose of report

The purpose of this report is to provide an Annual Treasury Report for the financial year 2021/22.

### 2 Summary

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

### 3 Investment Out-turn for 2021/22

3.1 The Board's Investment Strategy has been to maintain its bank account as part of the City of Edinburgh Council's group of bank accounts. Any cash balance is effectively lent to the Council, but is offset by expenditure undertaken by the City of Edinburgh Council on behalf of the Board. Interest is given on month end net indebtedness balances between the Council and the Board and for financial year 2021/22 is calculated in accordance with the withdrawn Local Authority (Scotland) Accounts Advisory Committee's (LASAAC) Guidance Note 2 on Interest on Revenue Balances (IoRB). In line with recent short term interest rates, the investment return continues to be small, but the Board gains security from its counterparty exposure being to the City of Edinburgh Council. Net end of month balances for the financial year were:

Opening Balance	£1,749,520.86
30 April 2021	£1,647,875.95
31 May 2021	£1,760,152.21
30 June 2021	£1,806,282.57
31 July 2021	£1,813,440.17
31 August 2021	£1,871,266.28
30 September 2021	£1,917,938.98
31 October 2021	£1,775,732.47
30 November 2021	£1,732,580.82
31 December 2021	£1,818,877.70
31 January 2022	£1,883,372.84
28 February 2022	£1,853,900.67
31 March 2022	£1,782,127.72

3.2 Interest is calculated on the average monthly balance. The interest rate applied was 0.0895%, giving an interest amount of £1,613.65 payable to the Board.

## **4 Recommendations**

4.1 It is recommended that the Board notes the Annual Report for 2021/22.

**HUGH DUNN,**  
Treasurer.

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### **Appendix**

None

### **Contact/tel**

Innes Edwards, Tel: 0131 469 6291  
([innes.edwards@edinburgh.gov.uk](mailto:innes.edwards@edinburgh.gov.uk))



## Appointments to Committees and the Joint Consultative Group

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13 June 2022

### Purpose of report

- 1 To invite the Board to re-establish its Committees and Groups, approve their remits and appoint membership and Conveners.

### Main report

- 2 The Board had previously established an Appointment Committee to undertake the recruitment and appointment of senior staff, an Appeal Committee to deal with disciplinary and grievance issues and a Joint Consultative Group (JCG) to provide a means of regular consultation between it and employees' representatives on a range of issues.
- 3 Each group has comprised five members from among each of the constituent Councils as follows:
  - City of Edinburgh - 2
  - East Lothian - 1
  - Midlothian - 1
  - West Lothian - 1
- 4 The remits of the Committees and the JCG are detailed in the appendices to this report. The Board is required to appoint Conveners and members of these Committees and the JCG.
- 5 In November 2020, the LVJB agreed to establish a Governance and Strategy Group, the remit of which is set out at Appendix 4. The Convener of the LVJB is the Chair of the Group with one member from each of the other three constituent authorities. The Board is also asked to appoint members to this group.

## Recommendations

- 6 The Joint Board is asked:
- 6.1 To re-establish the Appointment and Appeal Committees, the Joint Consultative Group and the Governance and Strategy Group.
  - 6.2 To approve the remits detailed in Appendices 1 to 4 to this report.
  - 6.3 To appoint the membership and the Conveners of the Appointment and Appeal Committees and of the Joint Consultative Group.
  - 6.4 To appoint the membership of the Governance and Strategy Group.

**Andrew Kerr**

Chief Executive and Clerk

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- Appendices**
- 1 Remit of the Appointment Committee
  - 2 Remit of the Appeal Committee
  - 3 Remit of the Joint Consultative Group
  - 4 Remit of the Governance and Strategy Group

**Contact/tel** Rachel Gentleman, Office of the Chief Executive and Clerk  
[rachel.gentleman@edinburgh.gov.uk](mailto:rachel.gentleman@edinburgh.gov.uk)

**Background Papers** None

**LOTHIAN VALUATION JOINT BOARD**

**APPOINTMENT COMMITTEE**

**REMIT**

- 1 The Appointment Committee shall be authorised to act on behalf of the Board on all matters of selection and appointment of the Assessor and Electoral Registration Officer of the Lothian Valuation Joint Board.
- 2 Membership of the Committee shall comprise: -

**Members:**

The City of Edinburgh Council	-	2 Councillors
East Lothian Council	-	1 Councillor
Midlothian Council	-	1 Councillor
West Lothian Council	-	1 Councillor

**Total            5**

**Advisers (non-voting):**

Chief Executive and Clerk to the Valuation Board  
Personnel Adviser to the Valuation Board

- 3 The quorum for meetings of the Committee shall be 3 members.
- 4 The Convener of the Committee shall be appointed by the Valuation Board. In the absence of the Convener at any meeting, the Committee will elect a Chair from its members.
- 5 Members will be permitted to appoint a substitute to attend in their place, in accordance with the requirements of the Board's Standing Orders.
- 6 All members (and any substitute member) will require to have attended an approved training course for the purpose of selection of Chief Officers.
- 7 All members (and any substitute members) will be subject to the general requirement to have attended all the stages of the selection process i.e. any short-leeting (or long-leeting) and interviews of all candidates when participating

in the selection process.

- 8** The Chief Executive and Clerk to the Valuation Board, in consultation with the Convener of the Committee, will be responsible for calling meetings of the Committee.
- 9** The Chief Executive and Clerk shall report on any appointment made to a meeting of the Valuation Board.

**LOTHIAN VALUATION JOINT BOARD**

**APPEAL COMMITTEE**

**REMIT**

To decide appeals by staff in regard to disciplinary action, gradings, grievances and disputes or in other appropriate circumstances, in terms of the Joint Board's policies in these matters.

**LOTHIAN VALUATION JOINT BOARD**

**JOINT CONSULTATIVE GROUP**

**REMIT**

- 1 To provide a means of regular consultation between the Board and employees' representatives, on matters affecting the employment and conditions of service of Board employees, always provided that no question of an individual's pay, wage, grading, discipline, promotion or efficiency shall be within the scope of the Joint Group.
- 2 To consider and offer observations on any proposals made by the Board involving substantial administrative reorganisation to the extent to which it affects the pay and conditions of employment of the employees of the Board.
- 3 To consider and report on any matter which may be referred to the Joint Group by the Board or by any of the employee organisations.



**LVJB GOVERNANCE AND STRATEGY GROUP**

**TERMS OF REFERENCE**

**Purpose**

Ensure consistency in respect of governance and service assurance matters

Overseeing compliance with corporate governance reflecting the principles of the Delivering Good Governance in Local Government framework

Participate in open discussion to help define direction/resolution on current & future organisational objectives and challenges

**Membership**

- The Governance & Strategy Group (GSG) shall comprise of sole Councillor representation from each Constituent Authority, The Assessor and the Head of Governance.
- Only members of the GSG have the right to attend GSG meetings.
- The Board Convenor will be the GSG chair. In the absence of the GSG chair and/or an appointed deputy at a GSG meeting, the remaining members present shall elect one of themselves to chair the meeting.

<b>Role</b>	<b>Name &amp; Position</b>
Chair of GSG	Convener of the LVJB
GSG member	Councillor, Midlothian
GSG member	Councillor, West Lothian
GSG member	Councillor, East Lothian
GSG member	Assessor and ERO
GSG member	Head of Governance, LVJB
Support	Committee Services, CEC

## **Quorum**

The quorum necessary for the transaction of business shall be either the Chair or Councillor representation and the Head of Governance

## **Frequency of meetings**

- The GSG shall convene not less than twice a year and at such other times as required
- The Chair of the GSG, Councillor representation, The Assessor and the Head of Governance may request a meeting if they consider one is necessary
- Meetings may be held using video conferencing facilities

## **Notice of meetings**

Unless otherwise agreed by the GSG, notice of each meeting confirming the venue, communication method, time and date shall be notified 4 weeks in advance. All supporting papers, shall be issued to each member of the Group no later than one week before the date of the meeting.

## **Record of meetings**

Committee Services, or their nominee, shall be the secretary of the Group.

## **Responsibilities**

The GSG will provide oversight to the Board on LVJB Governance matters. The GSG shall also play an active role in formulating future strategic programmes and the overarching vision of the LVJB.

In particular, the GSG shall:

- monitor overall compliance with the core LVJB Corporate Governance principles of accountability, transparency and effectiveness & efficiency
- be aware of, and play an active role in, the development of the organisations strategic direction
- review and appraise LVJB governance assurance and activity reports
- provide a focal point for the discussion of LVJB operational and organisational issues
- monitor LVJB performance with regard to Corporate and Service plan targets and objectives
- be aware of future LVJB Governance goals and assess their progress

- review and assess the status of the Business Strategy 2020-2023 to ensure transparency into the status of the phased approach and its associated financial implications.
- ensure that the organisation implements internal and external audit management actions within their identified timescale
- offer, support, advice and guidance to longer term visionary objectives of LVJB
- monitor the progress of the ongoing LVJB transformation programme with particular focus on the key software development projects that underpin organisational and legislative change

### **Other matters**

The GSG shall:

- have access to sufficient resources in order to carry out its duties
- arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

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