

## Notice of Meeting and Agenda

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**10.00 am Monday, 18th September, 2023**

Hybrid Meeting - Dean of Guild Court Room, City Chambers / Microsoft Teams

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

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

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

- 2.1 Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

### **3. Minutes**

- 3.1 Minute of the Lothian Valuation Joint Board of 12 June 2023 – 3 - 4  
submitted for approval as a correct record

### **4. Reports**

<b>4.1</b>	Assessor's Progress Report to Lothian Valuation Joint Board – Report by Assessor and Electoral Registration Officer	5 - 24
<b>4.2</b>	Appointment of Treasurer – Report by Chief Executive and Clerk	25 - 26
<b>4.3</b>	Membership Update - Report by Chief Executive and Clerk	27 - 28
<b>4.4</b>	2022/23 Annual Audit Report to members of the Lothian Valuation Joint Board and the Controller of Audit – Report by Treasurer	29 - 42
<b>4.5</b>	Audited Annual Accounts for the Year Ended 31 March 2023 - Report by Treasurer	43 - 96
<b>4.6</b>	Period 4 Financial Statement 2023/24 - Report by Treasurer	97 - 104

Andrew Kerr  
Chief Executive

## **Membership**

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

Councillor Alan Beal (Vice-Convener)

Councillor Jack Caldwell

Councillor James Dalgleish

Councillor Denis Dixon

Councillor Catherine Fullerton

Councillor Fiona Glasgow

Councillor Stephen Jenkinson

Councillor Max Mitchell

Councillor Alex Staniforth

### **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 Tony Boyle

Councillor Tom Conn (Convener)

## **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

12 June 2023

Hybrid Meeting held in the Diamond Jubilee Room, City Chambers, High Street, Edinburgh and virtually by Microsoft Teams

### Present:

**City of Edinburgh Council** – Councillors Beal (Vice-Convener), Flannery (substituting for Councillor Caldwell), Dalgleish, Glasgow, Jenkinson, McFarlane, Mitchell and Staniforth.

**East Lothian Council** – Councillor McFarlane.

**Midlothian Council** – Councillors Bowen and Russell.

**West Lothian Council** – Councillors Adamson, Boyle and Conn (Convener).

### 1 Minutes

#### Decision

To approve the minute of the Lothian Valuation Joint Board of 24 April 2023 as a correct record.

### 2 Appointment of Assessor and ERO

A recruitment exercise had been undertaken to permanently appoint an Assessor and Electoral Registration Officer.

#### Decision

To note the decision of the recruitment panel to appoint Michael Wilkie as the permanent Assessor and Electoral Registration Officer of the Lothian Valuation Joint Board.

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

A report provided members with an overview of the current service delivery, priorities, risks and future direction. This included updates on Electoral Registration Maintenance, Postal Votes/ Proxy Votes, Electoral Registration Engagement and Valuation Roll, Revaluation Update, Council Tax Maintenance, Hybrid Working, Governance, Continuous Improvement and the Accommodation Review.

#### Decision

To note the report.

#### **4 Continual Improvement Programme**

The Board's Transformation Programme had been re-branded as the Continuous Improvement programme reflecting the ongoing challenges faced by the organisation. The aim of the programme was to deliver a sustainable programme of continual improvement while managing budget challenges. A report provided information on the programme and sought approval for organisational changes which would support its delivery.

##### **Decision**

To approve the organisational re-structuring set out at Appendix 1 to the report.

#### **5 Unaudited Annual Accounts 2022/23 and Treasury Management report 2022/23**

The unaudited annual accounts were presented to the Board in accordance with the Local Authority Accounts (Scotland) Regulations 2014, which required that the Annual Accounts for the year 2022/23 be presented to the Board.

The annual treasury management report for 2022/23 was also presented.

##### **Decision**

- 1) To note the unaudited Annual Accounts for the year ended 31 March 2023.
- 2) To note the Audited Annual Accounts for 2022/23 would be presented to the Board on completion of the external audit.
- 3) To note the annual Treasury Management Report for 2022/23.

## **ASSESSOR'S PROGRESS REPORT TO THE LOTHIAN VALUATION JOINT BOARD**

**18 September 2023**

### **1.0 PURPOSE**

1.1 To provide members with an overview of current service delivery, priorities, risks, and future direction.

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

2.1 Since the last progress report to the Board in June 2023 all maintenance tasks supporting the registration process have continued.

2.2 There were 28,803 ITRs and 5996 postal vote applications issued by post between 25 May and 1 September. We do, when we can, issue documents by email, but legal requirements and lack of email address will limit this. Our enquiry agents visited over 7,000 properties to assist electors in registering and to collect canvass responses.

2.3 Processing volumes continue to be steady. There were 28,247 transactions undertaken for the monthly updates 3 July to 1 September. The number of additions/deletions by ward is shown as appendix (A).

### **3.0 POSTAL VOTES/PROXY VOTES.**

3.1 The percentage of the electorate currently choosing to vote by post remains consistent from previous reports. See appendix (B)

3.2 There are changes to postal vote and proxy vote provisions which will impact on UK Parliamentary elections. These changes may result in a divergence in legislation between devolved and reserved elections. Preparatory work is ongoing on this.

### **4.0 ELECTORAL REGISTRATION ENGAGEMENT**

4.1 We continue to engage with electors to encourage voter registration and promote the functions of the Electoral Registration Office. Specific activities include attending British citizenship ceremonies to provide new citizens the opportunity to register to vote or update their voting franchise, and hosting voter registration stalls at each of the Universities Fresher's Fairs.

4.2 Additional work has been undertaken to provide the electorate with information on the requirement to provide Voter Identification at certain elections. The Electoral Commission designed A5 insert has been included in canvass communications, an email communication has been issued and messaging was included on the interactive voter response portal.

[1]

## 5.0 ELECTORAL REGISTRATION – VOTER AUTHORITY CERTIFICATES

5.1 The volumes received remain low. A5 sheets designed by the Electoral Commission were included in a number of canvass communications, as well as being e-mailed to electors. This provided information on the requirements for Voter Identification at certain elections, and provided advice for those who may need a Voter Authority Certificate. Although there have been some applications made in response to this, the number of applications remains at a minimal level.

## 6.0 CANVASS

6.1 National Data Matching took place on 14 June 2023. After additional local data matching, 75% of properties were assigned to Route 1, 22% were assigned to Route 2, and the remaining 3% were assigned to Route 3.

6.2 66,229 properties provided a canvass response as a result of e-communications issued by our office. A further 271,159 properties were issued with a Canvass Communication A, which does not require a response.

6.3 92,187 properties were issued with a Canvass Communication B. We also issued 3,340 canvass forms at the initial stage in order to encourage responses in traditionally lower responding areas. Over 16,000 properties were also issued e-communications to remind electors to return information.

6.4 Visits from our enquiry agents are currently being undertaken. Where we are able to telephone electors, staff are also engaged in telephone canvass.

## 7.0 VALUATION ROLL – MAINTENANCE

7.1 Since the last report to the Board 1080 alterations, covering the period 1st April 2023 to 1st September 2023, have been made to the valuation roll with respect to running roll activities. These changes comprised 249 amendments to existing entries, 484 deletions, 314 inserts. This is substantially up on the same period last year.

	Edinburgh	Midlothian	W. Lothian	E. Lothian	Total
Inserts	198	32	46	38	314
Deletions	362	21	73	28	484
Amendments	132	39	48	30	249

## 8.0 VALUATION ROLL – APPEALS

8.1 We have approximately 6,000 Covid appeals remaining and have recently received notification of the withdrawal of around 1,200 from one professional agent. We await confirmation from the SCTS as to how may appellants wish to maintain their pursuit of these appeals following their write-out in June 2023 and remain hopeful that the final numbers will not be significant.



8.2 There are approximately 1,000 non Covid Revaluation 2017 appeals that must be disposed of by 31st December 2024, with the deadline for disposal of the appeals having now been extended. Whilst it remains likely that there will be some appellants who will wish to have their case heard before the First Tier Tribunal, staff will shortly be engaged in programme to attempt to resolve these appeals, alongside the plan for the disposal of R23 Proposals.

## 9.0 2023 REVALUATION UPDATE

9.1 The new proposals and appeals system which has been designed to comply with the new legislation is being used to record the R23 Proposals received and will be instrumental in the plan for ensuring that the R23 Proposals are disposed off within the statutory timescale. The roll out of the system is phased and development work continues with different tiers of staff involved in the testing.

9.2 The deadline for the submission of Revaluation 2023 Proposals was 31<sup>st</sup> August 2023, having been extended by the Scottish Government from the initial date of 31<sup>st</sup> July 2023. In total, we have received approximately 3,500 proposals, the vast majority of which are from professional agents and representatives. Whilst this represents a significantly lower figure than the number of R17 Revaluation appeals which were submitted (c. 13,000), the reality is that the new legislation requires a far more significant staff resource to be committed to responding to proposers and their representatives as part of their proposal determination notice, at the start of the process. We are currently developing a timetable of Proposal Determination Dates and undertaking staff training as part of the overall disposal strategy. In the meantime, the process of issuing acknowledgments and Incomplete Proposal Notices in line with the prescribed statutory timescale of 56 days continues.

## 10.0 COUNCIL TAX – MAINTENANCE

10.1 Over the period 1<sup>st</sup> April 2023 to 1<sup>st</sup> September 2023, 2492 new houses have been added to the list, this compares to 2556 for the same period in 2022/23.

<b>Band</b>	<b>Edinburgh</b>	<b>Midlothian</b>	<b>West Lothian</b>	<b>East Lothian</b>	<b>Total</b>
A	166	-	16	2	<b>184</b>
B	152	44	44	6	<b>246</b>
C	114	26	128	40	<b>308</b>
D	234	51	120	82	<b>487</b>
E	196	61	65	76	<b>398</b>
F	130	73	147	83	<b>433</b>
G	192	73	75	74	<b>414</b>
H	14	3	3	2	<b>22</b>
<b>Total</b>	<b>1198</b>	<b>331</b>	<b>598</b>	<b>365</b>	

10.2 There are currently 259 outstanding Council Tax appeals. A number of cases have been cited for 7 hearings before the new First Tier Tribunal between September and November.

### **10.3 Self Catering Units**

10.4 A recent change to legislation regarding self catering units has resulted in a substantial increase in workload.

10.5 The legislation requires an annual review of self catering units to ensure that

- They are not someone's sole or main residence
- They are let annually for a period of 70 days or more
- Available for letting for a period of 140 days or more

10.6 As at 18 August, from a total of 1653 letters issued to the proprietors of Self Catering Units in Lothian, we had received 964 returns which met the Regulations for 2022/23. Of the remainder, a potential 546 properties will revert to Council Tax effective from 1 April 2022, though these figures continue to change as we receive further correspondence.

From 1 June until 18 July, the equivalent of three full time Property Assistants worked almost exclusively on this task along with support from a manager. From 18 July to present, six staff members spend one day a week exclusively on this task. Further qualified technical staff will become more heavily involved in due course as we begin to make the necessary changes to the Roll.

Going forward I will need to carefully think how we can resource this work without negatively affecting other workstreams.

### **11.0 PERIOD 4 FINANCIAL STATEMENT**

11.1 I note the content of the Treasurer's Period 4 Financial Statement.

### **12.0 GOVERNANCE STRATEGY GROUP**

The group recently met to discuss Phase 2 CIP progress, contribution awards, LVJB Education & Development Sessions (LEADS) and a recently initiated digitalisation project.

#### **12.1 Contribution awards**

An internal panel met to assess the 14 applications that were received for contribution award consideration. It was acknowledged that the quality of applications received were strong and varied. The applications were considered fairly, consistently and objectively, taking into account the criteria set out in the policy and the impact each submission had had on our organisation.

The merits of each application were discussed. The panel debated if achievements went above and beyond the expected contributions noted in candidate's job descriptions.

Due to the volume of applications received, the panel agreed to extend the awards to 3 for sustained excellence and 3 for single excellence.

It was agreed that the Board Convenor would present the awards at a presentation to staff to be held at our South Gyle office on Friday 13<sup>th</sup> October.

[4]

## **12.2 LEADS**

These sessions are designed to be compact, instructive and an important communication tool used to increase awareness of changes, new objectives or information sharing between individuals on topics in which they may not usually participate. Our first topic was “Voter Identification and Voter Authority Certificates”. The session was highly informative and well attended by staff. Further information from this session will be made available on our website and social media channels.

It was discussed amongst the members of the GSG that future LEADS on the new appeal proposal process and self-catering regulations may potentially be of interest to the Board and wider stakeholder audience.

## **12.3 Digitalisation Project**

As part of the Continual Improvement Programme the digitalisation of existing physical files and moving to creating only digital file content was identified as beneficial in the long term, with the biggest motivators being the following:

- Any evaluation of how much office accommodation is required inevitably touches on the organisation’s filing requirements. Being in a position where that space is not required is advantageous in both providing flexibility with the current office accommodation and consideration of any future sites.
- Having remote access to the relevant files’ content would enable more flexibility for hybrid working and would ensure that in the case of any future situations where there is no access to the physical location where files are stored there will be continued access to the information, reducing operational disruptions and ensuring business continuity.

It is recognised that future outcomes may require the consideration of substantial levels of financial investment. The objectives and analytical evidence produced from this project will enable this key decision point to be addressed in the best interests of the organisation with the most effective use of budget funds.

## **13.0 CONTINUAL IMPROVEMENT PROGRAMME**

### **13.1 CIP update**

The Continual Improvement Programme (CIP) continues to make excellent progress. New workstreams have been identified which include;

- Analysis of external enquiries to ensure appropriate oversight and task completion within specified timescales
- Hold a series of corporate leadership workshops to assess internal management performance against our recently introduced Management of Capability Procedure framework.
- Commence high level quarterly meetings with constituent councils to assess levels of engagement and identify potential information exchange improvements

The project group evaluating agile working maintains steady progress. The group meets weekly and are now focussing on forward planning and rationalisation. A phase 2 draft technical structure has been developed and the proposed working model will provide improvements in task and resource allocation to meet peak activity periods. The model will see the office split into two divisions primarily

focused on proposals/appeals and business as usual operation. This allows the organisation to be flexible with a new appeals regime whilst maintaining and improving the provision of our statutory functions. The group has undertaken this analysis based on the examination of historic performance statistics and forward planning that will allow us to establish the number of staff we require in each particular business area. Our ability to improve our strategic work planning and forecasting will ensure we become proactive rather than reactive when challenges arise.

The introduction of these proposed changes will require the review of several job descriptions, which will be undertaken in consultation with our Unison representatives.

#### **14.0 HR POLICY UPDATES**

14.1 I have attached at Appendix 2 a proposal to bring Job Evaluation “in house”.

Three staff have undergone training supplied by CEC,

The Board is asked to note the contents of the paper.

#### **15.0 RECOMMENDATION**

15.1 The Board is asked to note the content of this report and the paper at Appendix 2.

**Michael Wilkie**  
**ASSESSOR & ERO**

*Attached:*

*Appendix 1- Electoral Statistics*

*Appendix 2- Job evaluation proposal*

## Appendix 1- Electoral Statistics

### Appendix (A) Table Registration Changes by month – July/ August/ September

Eligibility Date	WARD	Add	Deletions
	01 Almond	134	100
	02 Pentland Hills	122	112
	03 Drum Brae/Gyle	113	102
	04 Forth	156	160
	05 Inverleith	177	176
	06 Corstorphine/Murrayfield	88	82
	07 Sighthill/Gorgie	368	204
	08 Colinton/Fairmilehead	55	87
	09 Fountainbridge/Craiglockhart	171	282
	10 Morningside	171	200
	11 City Centre	240	487
	12 Leith Walk	316	242
	13 Leith	226	133
	14 Craigentinny/Duddingston	120	140
	15 Southside/Newington	200	232
	16 Liberton/Gilmerton	282	128
	17 Portobello/Craigmillar	161	122
3 July 2023	Total	3100	2989
	01 Almond	233	96
	02 Pentland Hills	150	88
	03 Drum Brae/Gyle	94	105
	04 Forth	218	152
	05 Inverleith	245	158
	06 Corstorphine/Murrayfield	93	88
	07 Sighthill/Gorgie	273	176
	08 Colinton/Fairmilehead	94	74
	09 Fountainbridge/Craiglockhart	181	128
	10 Morningside	216	174
	11 City Centre	246	179
	12 Leith Walk	334	253
	13 Leith	284	182
	14 Craigentinny/Duddingston	159	126
	15 Southside/Newington	206	141
	16 Liberton/Gilmerton	203	121
	17 Portobello/Craigmillar	230	120
1 August 2023	Total	3459	2361
	01 Almond	263	246
	02 Pentland Hills	201	242
	03 Drum Brae/Gyle	190	199
	04 Forth	273	308

	05 Inverleith	307	341
	06 Corstorphine/Murrayfield	175	205
	07 Sighthill/Gorgie	395	374
	08 Colinton/Fairmilehead	141	178
	09 Fountainbridge/Craiglockhart	274	253
	10 Morningside	383	386
	11 City Centre	424	473
	12 Leith Walk	572	450
	13 Leith	521	401
	14 Craigmillar/Duddingston	266	278
	15 Southside/Newington	331	326
	16 Liberton/Gilmerton	292	272
	17 Portobello/Craigmillar	341	272
1 September 2023	Total	5349	5204
<b>Total CEC</b>		<b>11908</b>	<b>10554</b>
Eligibility Date	WARD	Additions	Deletions
	01 Musselburgh	73	83
	02 Preston, Seton and Gosford	85	50
	03 Tranent, Wallyford and Macmerry	90	56
	04 North Berwick Coastal	49	52
	05 Haddington and Lammermuir	88	54
	06 Dunbar and East Linton	40	30
3 July 2023	Total	425	325
	01 Musselburgh	126	80
	02 Preston, Seton and Gosford	104	57
	03 Tranent, Wallyford and Macmerry	113	57
	04 North Berwick Coastal	74	43
	05 Haddington and Lammermuir	93	66
	06 Dunbar and East Linton	65	43
1 August 2023	Total	575	346
	01 Musselburgh	155	309
	02 Preston, Seton and Gosford	138	207
	03 Tranent, Wallyford and Macmerry	131	195
	04 North Berwick Coastal	103	198
	05 Haddington and Lammermuir	124	213
	06 Dunbar and East Linton	103	188
1 September 2023	Total	754	1310
<b>Total ELC</b>		<b>1754</b>	<b>1981</b>
	01 Penicuik	62	38
	02 Bonnyrigg	43	37
	03 Dalkeith	135	36
	04 Midlothian West	180	47
	05 Midlothian East	80	37
	06 Midlothian South	56	39
3 July 2023	Total	556	234
	01 Penicuik	66	35
	02 Bonnyrigg	66	48
	03 Dalkeith	60	45
	04 Midlothian West	132	58
	05 Midlothian East	42	33
	06 Midlothian South	76	53
1 August 2023	Total	442	272

	01 Penicuik	78	177
	02 Bonnyrigg	74	207
	03 Dalkeith	113	242
	04 Midlothian West	140	214
	05 Midlothian East	97	229
	06 Midlothian South	75	227
1 September 2023	Total	577	1296
<b>Total MLC</b>		<b>1575</b>	<b>1802</b>
	01 Linlithgow	22	22
	02 Broxburn, Uphall and Winchburgh	85	43
	03 Livingston North	62	64
	04 Livingston South	129	67
	05 East Livingston and East Calder	85	54
	06 Fauldhouse and the Breich Valley	49	40
	07 Whitburn and Blackburn	57	56
	08 Bathgate	95	59
	09 Armadale and Blackridge	57	45
3 July 2023	Total	641	450
	01 Linlithgow	25	32
	02 Broxburn, Uphall and Winchburgh	166	64
	03 Livingston North	115	64
	04 Livingston South	132	63
	05 East Livingston and East Calder	132	53
	06 Fauldhouse and the Breich Valley	55	43
	07 Whitburn and Blackburn	60	52
	08 Bathgate	90	74
	09 Armadale and Blackridge	35	34
1 August 2023	Total	810	479
	01 Linlithgow	72	111
	02 Broxburn, Uphall and Winchburgh	140	183
	03 Livingston North	155	221
	04 Livingston South	197	201
	05 East Livingston and East Calder	142	191
	06 Fauldhouse and the Breich Valley	114	125
	07 Whitburn and Blackburn	121	136
	08 Bathgate	157	214
	09 Armadale and Blackridge	117	174
	Total	1215	1556
<b>Total WLC</b>		<b>2666</b>	<b>2485</b>

**(B) Table-Postal Voters and Total Electorate at 1 September 2023**

Council	Postal Voters	Total electorate
CEC	93087	401494
ELC	21555	89153
MLC	17372	76295
WLC	29948	147234
<b>TOTAL</b>	<b>164962</b>	<b>714176</b>

### Lothian Valuation Joint Board – Draft Proposal for Job Evaluation to be undertaken within LVJB

#### 1.0 Introduction:

- 1.1 Below is a proposal to transfer job evaluation scoring and grading from City of Edinburgh Council to being undertaken within the resources of Lothian Valuation Joint Board.
- 1.2 Job evaluation is the process of analysing and scoring a written job description against a number of set elements to determine the appropriate grade and salary boundaries for employees working and performing in the role.
- 1.3 Job evaluation is undertaken when a new role is being proposed in the organisational structure or when an existing role is significantly changing or evolving to the extent where the current grade requires to be examined and verified.

#### 2.0 Background and Existing Arrangements

- 2.1 Roles and associated job descriptions from LVJB have historically been scored by HR colleagues in City of Edinburgh Council using the adopted Capital Job Evaluation Scheme Conventions. This has been necessary because LVJB does not have access to an approved scoring framework, nor are any LVJB employees trained and practiced in job evaluation or analysis.
- 2.2 The new HR Manager who was appointed at LVJB in January 2021 has a considerable number of years of experience and skills in job evaluation using the Higher Education Role Analysis method and scoring system, used throughout Scottish Universities. This appointment has stimulated a review of how job evaluation is undertaken at LVJB.
- 2.3 The review has revealed that there is lack of understanding and confidence in the overall process of evaluating and grading LVJB roles. Line managers and employees are wary and untrusting of roles and job descriptions being analysed by “scorers” who are external to the organisation. There is a perception of lack of accountability and all liaison with the CEC role analysts is done solely via the HR Manager.
- 2.4 The current arrangements have resulted in inconsistencies in the layout, content and format of LVJB job descriptions. CEC require roles for scoring to be documented using the elements of the Capital Job Evaluation Scheme. Writers of job descriptions at LVJB are expected to enter information using prescribed headings but there is a general lack of understanding and transparency as to why or how the information is analysed for scoring. Furthermore, there is a lack of satisfaction in that we still retain a number of job descriptions in a more basic format and this has led to a perception of obscurity as to how these roles have been graded in the past.



- 2.5 LVJB have fostered good working relationships with role analyst colleagues at CEC, however, there is understandably limited opportunity to evaluate roles with urgency or to have the flexibility to prioritise scoring when required.
- 2.6 The existing mechanism for scoring can often result in burdensome requirements for CEC role analysts to request additional written information required for scoring. Without direct access to the line manager, this usually goes through the HR Manager and is challenging, time consuming and onerous.
- 2.7 The Capital Job Evaluation Scheme provides a score which has a direct correlation to the CEC salary scales, grades and grade boundaries. These salary scales differ from the LVJB scale. When scoring LVJB roles the grade outcome is determined by assimilating the outcome to the closest grade available on the LVJB scale. This practice is not ideal or sustainable and there is a constant risk of undervaluing or overvaluing a role with this method.

### **3.0 Recent Activity**

- 3.1 In February 2023, the HR Manager recruited two volunteers from the LVJB staff population to form a project team:

**Susan Grierson:**

Susan is a Governance Officer, with vast experience working in admin and electoral within LVJB and also has an excellent working knowledge of the technical roles and teams. Susan is a Unison TU Representative.

**Darren McQuade:**

Darren is a Valuer, with experience of working in several different roles within the technical teams throughout his career at LVJB.

#### **3.1.1 GDPR and Confidentiality**

- 3.1.1.1 The members of the proposed job evaluation panel will unavoidably be exposed to information and material that they would not normally be privy to as part of their day-to-day roles within LVJB. The members understand that confidentiality and discretion is critical and professional integrity is of utmost importance. All panel members will be fully trained in GDPR and information security awareness.
- 3.2 In June 2023, the project team spent two full days in person at City Chambers with CEC colleagues, learning and applying the Capital Job Evaluation Scheme.
- 3.3. A number of follow up meetings of the project team have taken place to evaluate the best way forward. The team have concluded that undertaking all future job evaluation and grading by them forming a job evaluation panel within LVJB is the preferred option.
- 3.4 The project team have recently undertaken some practice scoring of LVJB job descriptions and are in the process of comparing their score outcomes to the original outcome concluded by CEC colleagues.
- 3.5 The project team are currently focussed on mapping job evaluation scores to the LVJB salary scales, ensuring that the link between scores and LVJB salary points is assimilated and harmonised as accurately and rationally as possible.

### **4.0 Proposal for Change**

- 4.1 The Board are asked to approve this proposal to move to undertaking job evaluation scoring and grading within LVJB using the Capital Job Evaluation Scheme as follows:
  - 4.1.1 A new Job Description template will be made available for all job description creation and updating. The template will allow for the key duties and responsibilities to be documented, supplemented by the detail required for analysis and scoring (see Appendix 1).
  - 4.1.2 Scoring and grading of roles will be undertaken by a LVJB Job Evaluation Panel, consisting of Hannah Carruthers (HR Manager), Susan Grierson (Governance Officer and Unison Rep) and Darren McQuade (Valuer).
  - 4.1.3 Outcome scores will determine the grades of roles within LVJB.
- 4.2 Excellent working relationships with CEC colleagues will continue and this will enable access to specialist advice, guidance, support and mentoring if required. Initially it is anticipated that CEC colleagues will check and verify a number of cases to ensure consistency in scoring under the Capital Job Evaluation Scheme is maintained.
- 4.3 Where an employee requires to appeal the outcome of a job evaluation, it is proposed that second scoring would be undertaken by CEC colleagues.

## **5.0 Benefits and Advantages for Lothian Valuation Joint Board**

- 5.1 This proposal provides an opportunity for the LVJB evaluation panel members to develop and advance skills and knowledge around job evaluation, scoring and grading. The panel member volunteers already possess expert knowledge of roles and responsibilities within LVJB, along with solid understanding of what we strive for and need to achieve as an organisation. Additional panel members could be selected, trained and utilised in the future if required.
- 5.2 The method of evaluation proposed will greatly increase transparency and subsequently confidence in the process for line managers and all employees of LVJB.
- 5.3 Staff who are required to write or update job descriptions will have immediate access to advice and guidance on what information must be included in a job description to enable fair and consistent scoring to take place.
- 5.4 Great potential exists for all job descriptions to become uniform in content and structure in the fullness of time.
- 5.5 Generally, operating the process internally will widely increase understanding and acceptance of how roles are graded by clarifying the procedure.

**Appendix 1 – Job Description and Person Specification Template**



**[Job Title] - Job Description and Person Specification**

<b>Job Title:</b>	
<b>Grade:</b>	
<b>Responsible To:</b>	

**Role Purpose:**

**Key Duties and Activities:**

- 1.
- 2.
- 3.
- 4.
- 5.

(add as appropriate)

**Supervision and Management of People:**

**Creativity and Innovation:**

**Contacts and Relationships:**

--

<b>Decisions and Discretion:</b>

<b>Decisions and Consequences:</b>

<b>Resources:</b>

<b>Work Demands:</b>

<b>Physical Demands:</b>

<b>Working Conditions:</b>

<b>Work Context:</b>

**Knowledge and Skills:**

--

**Health and Safety (Do not alter the wording of this section):**

Protecting the health and safety and welfare of our colleagues, and our third parties including members of the public, contractors and service users.

All employees are responsible for:

- Taking care of their own health and safety and welfare, and that of others who may be affected by their actions or omissions;
- Co-operating with management and following instructions, safe systems and procedures;
- Reporting any hazards, damage or defects immediately to their line manager; and
- Reporting any personal injury and work related ill health, and accident or incident (including 'near misses') immediately to their line manager, and assist with any subsequent investigation, including co-operating fully with the provision of witness statements and any other evidence that may be required.

Line managers have additional responsibilities for ensuring all health and safety risks under their management are identified, assessed and controlled, with specialist input from the Health and Safety Committee and HR Manager, including Occupational Health where required. Where the risks cannot be adequately controlled the activity should not proceed.

Additional information can be found at [LVJB Health and Wellbeing](#).

Person Specification – Essential	Person Specification – Desirable

## Guidance Notes for completion of Job Description

<b>Supervision and Management of People:</b>	<ul style="list-style-type: none"><li>• This factor measures the degree of responsibility for the supervision/management of employees and others for whose work the post can be considered directly accountable and in particular the qualitative aspects of supervision/management of staff.</li><li>• This section should accurately describe the post's responsibility for staff including other/agency workers.</li><li>• To identify the diversity/range of posts supervised the titles, grades and numbers of staff should be included and an indication of whether any posts work remotely.</li><li>• If the JD is generic and covers a range of posts then the average staffing numbers across the posts should be used.</li></ul>
<b>Creativity and Innovation:</b>	<ul style="list-style-type: none"><li>• Describe the extent to which the work requires innovative and imaginative skills to deal with issues and in the resolution of problems bearing in mind the existing guidelines and policy. Examples include written work (original), investigative analysis, developmental work, planning and initiative.</li><li>• A short statement indicating the predominant and typical creativity of the post should be sufficient. It is important to remember that you are describing what is required of the post not the creativity or flair demonstrated by a particular employee.</li></ul>
<b>Contacts and Relationships:</b>	<ul style="list-style-type: none"><li>• Describe the degree of personal contact and appraise the nature of the relationships maintained by the post.</li><li>• The purpose, content, potential outcome and conflict/complexity involved are more important than the status of the person contacted.</li><li>• Aim to reflect the predominant and ongoing nature of the contacts in a short statement.</li></ul>

<b>Decisions Discretion:</b>	<ul style="list-style-type: none"> <li>Describe the need to make choices, the accountability for the outcome, the constraints imposed and the availability of procedures, advice and guidance. It is important to cover the ongoing demands on the post and to differentiate between decisions and recommendations.</li> </ul>
<b>Decisions Consequences:</b>	<ul style="list-style-type: none"> <li>A short statement should be enough to show the typical problems solved and the decisions or recommendations made, what advice or guidance is available and what would be referred to other staff.</li> </ul>
<b>Resources:</b>	<ul style="list-style-type: none"> <li>The resources for which the post is responsible for should be described here and account taken of whether the responsibility is complete, shared or less than continuous.</li> <li>Do not make an exhaustive list but describe the type of resources (vehicles, tools, cash, equipment, information, budgets, buildings etc) indicating the value or significance of these.</li> <li>Where non-staffing budgets are a feature of the post, state the responsibility held (eg full, shared or part budget responsibility, monitoring role) and what the budget is for eg, purchasing services, building repairs, supplies etc.</li> </ul> <p>NB: The staffing budget, ie that associated with the staff listed under Supervision and Management above, should not be included here.</p> <p>NB: For office based staff the following statement may be appropriate: 'The post will be responsible for a range of office equipment and will update and maintain data.'</p>
<b>Work Demands:</b>	<ul style="list-style-type: none"> <li>Describe in a single statement the extent, impact and frequency of deadlines, conflicting priorities that make it more difficult to perform their job or deliver the required level of service.</li> <li>Include reference to the amount of control the post can exercise over their own time eg following prescribed list of tasks or make slight changes in work programme but must notify the supervisor etc.</li> </ul>

<p><b>Physical Demands:</b></p>	<ul style="list-style-type: none"> <li>• Describe the extent, frequency, nature and length of time of any physical effort that the job requires (eg lifting, manual use of equipment, constrained working and manual dexterity).</li> <li>• Describe the type of effort which may include sitting, standing, walking, moving heavy objects and any awkward postures that may be involved.</li> <li>• Specify the approximate percentage of time spent on each type of physical effort, eg 'awkward posture for 10% of the time.'</li> <li>• For the majority of office based staff the following statement may be appropriate: 'Although the post may be exposed to some physical demands these will be predominantly within the range of normal office based activities.'</li> </ul>
<p><b>Working Conditions:</b></p>	<ul style="list-style-type: none"> <li>• Describe in a single statement the environment in which the post operates including the nature, extent, frequency and length of time of any exposure to disagreeable or unpleasant working conditions (eg dirt, noise, weather). Describe and quantify all elements, eg 'the post will work outside and be exposed to all weather for 60% of the time.'</li> </ul> <p>NB: For the majority of office based staff the following statement may be appropriate: 'Although the post may be exposed to some adverse working conditions these will be predominantly within the range of normal office based activities.'</p> <ul style="list-style-type: none"> <li>• Describe in a single statement any environmental demands involved in the use of equipment, materials or dangers such as traffic.</li> <li>• There may be demands associated with difficult clients or the need to maintain emotional resilience in potentially upsetting circumstances and these should be described where appropriate.</li> <li>• Describe the frequency and demands placed upon the post to be vigilant where there is a requirement to take care in undertaking the duties, eg 'the post must take care when visiting building sites for 5% of the time.'</li> </ul> <p>NB: For the majority of office based staff the following statement may be appropriate: 'Although the post will have some requirement to take care in relation to the working environment, work activities and dealing with people this will not be more than the normal required of an LVJB employee.'</p>



<p><b>Work Context:</b></p>	<ul style="list-style-type: none"> <li>• This element considers the potential risk to health and general well being of illness and injury, emotional as well as physical inherent in the job, including abuse, aggression and risk of injury from the public.</li> <li>• Describe measures the demands on postholders from taking care to avoid injury, illness or to maintain emotional resilience. This could include physical demands of the job, environmental demands (materials, equipment, in traffic, exposure to possible infectious diseases), demands posed by contact with people (the need to take care to avoid bodily harm from clients or from the general public) and emotional demands (the need to take care to maintain emotional resilience).</li> <li>• Please describe the degree to which the postholder is required to act, other than merely report the issues.</li> </ul> <p>NB: It is assumed that LVJB has ensured that appropriate risk assessments have been undertaken and hazardous conditions avoided or reduced as far as practicable.</p>
<p><b>Knowledge and Skills:</b></p>	<ul style="list-style-type: none"> <li>• This section should illustrate the knowledge, skills, abilities and recognised/required qualifications that are necessary how these are used in the performance of all the duties and responsibilities of the job.</li> </ul> <p>NB: The knowledge and skills listed should be those essential to do the job they should not include higher levels that are desirable or that reflect an individual post holder's own qualifications and skills. Desirable qualifications, skills and experience should be contained within the person specification.</p>

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## Board Treasurer

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**18 September 2023**

### **Purpose of report**

- 1 To advise of arrangements for the Joint Board's Treasurer in light of changes to the senior management within the City of Edinburgh Council's (the Council) Corporate Services Directorate.

### **Background**

- 2 On the 26 November 2012 the Joint Board appointed Hugh Dunn as its treasurer. There has now been a new appointment to this role in the council.

### **Main Report**

- 3 On 22 June 2023, the Council appointed Richard Lloyd-Bithell as the Service Director - Finance and Procurement and agreed to designate him as its Chief Financial Officer.

### **Recommendation**

- 4 The Joint Board is asked to appoint Richard Lloyd-Bithell, the Council's Chief Financial Officer, as its Treasurer.

**Andrew Kerr**  
Chief Executive and Clerk

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<b>Appendices</b>	None
<b>Contact/tel</b>	Daniel Baigrie, Committee Officer, <a href="mailto:daniel.baigrie@edinburgh.gov.uk">daniel.baigrie@edinburgh.gov.uk</a>
<b>Background Papers</b>	Minute of the City of Edinburgh Council 22 June 2023



## Membership Update

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**18 September 2023**

**1 Introduction**

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

**2 Main Report**

2.1 At its meeting of 22 June 2023, the City of Edinburgh Council appointed Councillor Catherine Fullerton as a member of the Lothian Valuation Joint Board, replacing Councillor Finlay McFarlane.

**3 Recommendations**

It is recommended that the Board notes this appointment.

**Andrew Kerr,  
Chief Executive & Clerk**

**Appendices:** None.

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

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**10.00am, Monday 18th September 2023**

## **2022/23 Annual Audit Report to members of Lothian Valuation Joint Board and the Controller of Audit**

### **1. Recommendations**

---

The Board is recommended to note:

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

**Hugh Dunn,**

**Treasurer**

Contact: Iain Shaw, Principal Accountant,

Finance and Procurement Division, Corporate Services Directorate, City of Edinburgh Council

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

## **2022/23 Annual Audit Report to members of Lothian Valuation Joint Board and the Controller of Audit**

### **2. Executive Summary**

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- 2.1 The Annual Audit Report summarises the findings arising from the Board's 2022/23 external audit.

### **3. Background**

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- 3.1 The unaudited Annual Accounts were noted by the Board at its meeting on 12th June 2023 and submitted to Audit Scotland, the appointed external auditor, by the required date of 30th June 2022.

### **4. Main Report**

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#### **External Audit Annual Report 2022/23**

- 4.1 The Audited Annual Accounts are presented in accordance with the Local Authority Accounts (Scotland) Regulations 2014. The Regulations require local authorities to aim to approve the annual accounts for signature no later than 30 September 2023.
- 4.2 In discharging its work, the external auditor is required to comply with the Code of Audit Practice.
- 4.3 An unqualified opinion has been given on the financial statements and other prescribed matters. The Auditor's opinion states that the financial statements give a true and fair view of the state of affairs of the Board as at 31st March 2023 and its income and expenditure for the year then ended.
- 4.4 The key messages from the audit are presented on page 3 of the External Audit Annual Report. Appendix 1 presents the Action Plan arising from the audit.

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

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None

### **6. Appendices**

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- 6.1 Appendix 1 - 2022/23 Annual Audit Report to members of Lothian Valuation Joint Board and the Controller of Audit



# Lothian Valuation Joint Board

2022/23 Annual Audit Report



 AUDIT SCOTLAND

Prepared for Lothian Valuation Joint Board and the Controller of Audit  
September 2023

# Contents

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# Key messages

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## 2022/23 annual accounts

- 1 The financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- 2 The audited part of the remuneration report, management commentary and the annual governance statement were properly prepared in accordance with the applicable requirements
- 3 We have reported one significant finding from the audit, relating to the recognition of the pension asset

## Wider scope

- 4 Lothian Valuation Joint Board has a medium-term financial plan but faces significant financial constraints in future years
- 5 Good progress is being made against a programme of continuous improvement
- 6 The joint board has arrangements to secure Best Value but could improve how it presents its performance

---

# Introduction

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**1.** This report summarises the findings from the 2022/23 annual audit of Lothian Valuation Joint Board. The scope of the audit was set out in an Annual Audit Plan presented to the 24 April 2023 meeting of the joint board. This Annual Audit Report comprises:

- significant matters arising from an audit of Lothian Valuation Joint Board's annual accounts
- conclusions on wider scope areas that frame public audit as set out in the [Code of Audit Practice 2021](#), which for less complex bodies includes conclusions on financial sustainability and Best Value

**2.** This report is addressed to Lothian Valuation Joint Board and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

## Responsibilities and reporting

**3.** Lothian Valuation Joint Board has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The joint board is also responsible for compliance with legislation putting arrangements in place for governance and propriety.

**4.** The responsibilities of an independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice 2021](#) and supplementary guidance and International Standards on Auditing in the UK.

**5.** The weaknesses or risks identified in this report are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

## Auditor Independence

**6.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2022/23 audit fee of £8,800 as set out in our 2022/23 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

# Part 1. Audit of 2022/23 annual accounts

Public bodies are required to prepare annual report and accounts comprising financial statements and other related reports. These are principal means of accounting for the stewardship public funds.

## Main judgements

The financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework

The audited part of the remuneration report, management commentary and the annual governance statement were properly prepared in accordance with the applicable requirements

7. The board approved the annual accounts for Lothian Valuation Joint Board for the year ended 31 March 2023 on 18 September 2023. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report, management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the applicable requirements.

## Overall materiality was assessed as £0.145 million

8. Our initial assessment of materiality was carried out during the planning phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#).

### Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£0.145 million
Performance materiality	£0.102 million

Materiality level	Amount
Reporting threshold	£7,000

**9.** Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 70% based on our understanding of the joint board, the nature and extent of misstatements identified by the previous auditor combined with our expectations in relation to misstatements in the current period.

**10.** It is our responsibility to request that all misstatements, other than those below our reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance.

## Significant findings and key audit matters

**11.** Under International Standard on Auditing (UK) 260, we communicate significant findings from the audit to the joint board, including our view about the qualitative aspects of the body's accounting practices.

**12.** The Code of Audit Practice also requires all audits to communicate key audit matters within the annual audit report under International Standard on Auditing (UK) 701. These are matters that we judged to be of most significance in our audit of the financial statements.

**13.** We have one significant finding from the audit, which is summarised in Exhibit 2.

## Exhibit 2

### Significant findings and key audit matters from the audit of the annual accounts

Issue	Resolution
<p><b>1. Pension asset reduction</b></p> <p>The pension liability is an area of audit focus due to the material value and significant assumptions used within the complex calculation of this liability. In common with other local government pension scheme employers, the joint board commissions a firm of actuaries to undertake a valuation of its pension liability. The actuary reported that, as at 31 March 2023, the joint board had a funding <i>surplus</i> of £6.25 million.</p> <p>The surplus arose as a result of a significant increase to the net discount rate (discount rate net</p>	<p>The annual report and accounts presented for audit disclosed a pension asset of £6.25 million. This was reduced to zero, with a corresponding adjustment to the pension reserve, for the final version in line with the requirements of accounting standards.</p>

Issue	Resolution
<p>of CPI inflation) compared to the previous year, leading to a large gain on the statement of financial position.</p> <p>Accounting standards impose a limit on the maximum amount of surplus which can be recognised on an employer's balance sheet. Given that the joint board is to continue to participate in the LGPS, it would be expected that this surplus will lead to lower future contributions rather than a refund of surplus. When this minimum funding obligation is considered, the funding surplus was reduced to zero.</p>	

## Our audit work responded to the risks of material misstatement we identified in the annual accounts

**14.** We have obtained audit assurances over the identified significant risks of material misstatement to the annual accounts. [Exhibit 3](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2022/23 Annual Audit Plan. It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

### Exhibit 3

#### Identified significant risks of material misstatement in the annual accounts

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> <li>• Test journal entries with a focus on significant risk areas.</li> <li>• Consider any unusual material transactions identified through our audit testing for any evidence of management override of controls.</li> <li>• Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year.</li> <li>• Review accounting estimates for evidence of</li> </ul>	<ul style="list-style-type: none"> <li>• No issues were identified that indicate misstatements due to fraud caused by management override of controls. Testing focused on journal entries around the year-end that are open to management override of controls.</li> <li>• Audit testing of income and expenditure transactions confirmed they had been accounted for in the correct financial year.</li> </ul>

Audit risk	Assurance procedure	Results and conclusions
	management bias including assessing any changes to the methods and underlying assumptions used.	<ul style="list-style-type: none"> <li>• Methodologies and assumptions employed by management in preparing account estimates did not significantly vary from the prior year and were consistently applied.</li> <li>• Our testing of accruals and prepayments did not identify any errors and we found no significant transactions outside the normal course of business.</li> </ul>

### The unaudited annual accounts were received in line with the agreed timetable

**15.** The unaudited annual accounts were received in line with our agreed audit timetable and presented for audit on 28 June 2023.



# Part 2. Wider Scope

For less complex bodies wider-scope audit work considers the financial sustainability of the body and the services that it delivers over the medium to longer term, and the arrangements for securing Best Value

## Conclusion

Lothian Valuation Joint Board has a medium-term financial plan but faces significant financial constraints in future years

Good progress is being made against a programme of continuous improvement

The joint board has arrangements to secure Best Value but could improve how it presents its performance

### Lothian Valuation Joint Board has a medium-term financial plan but faces significant financial constraints in future years

**16.** The Joint Board is mainly funded by requisitions from its constituent members, the City of Edinburgh, West Lothian, East Lothian and Midlothian councils.

**17.** The joint board approved its initial 2022/23 revenue budget in February 2022. This was set with a 'flat-cash' council requisition of £5.847 million for 2022/23 and a further requisition to meet additional costs for Non-Domestic Rates Reform in 2022/23 of £0.374m in line with the local government finance settlement. Net expenditure in the year was £6.376 million, primarily due to the higher than budgeted pay award, and the overspend required a drawdown from the joint board's general reserves of £0.155 million.

**18.** As we noted in our annual audit plan, the joint board has a significant risk around financial sustainability. Lothian VJB has a medium-term indicative financial plan which is revised annually and was last presented to the board in January 2023.

**19.** Funding from constituent councils has remained at the same level for several years and the financial plan indicates the joint board will continue to use reserves to meet its costs, drawing down £0.578 million in 2023/24 and £0.308 million in the subsequent year. A general reserve of £1.295 million as at 31<sup>st</sup> March 2023 is likely to be reduced significantly in coming years.

### The joint board is making good progress against its programme of continuous improvement

**20.** In order to generate cost and operational efficiencies, the joint board agreed to adopt a continuous improvement programme. As much of the joint board's

expenditure is staff costs, the project has assessed its organisational structure and is aiming to introduce a more agile and flexible workforce.

**21.** In June 2023, the joint board reported that four FTE posts had been removed from its structure, with 3 staff taking voluntary early release. Other planned savings include reviewing ICT requirements and office lease costs.

### **Lothian Valuation Joint Board has arrangements to secure Best Value but could improve how it presents its performance**

**22.** The joint board has a specific responsibility to ensure that arrangements have been made to secure best value. It has developed performance indicators which are reported in the annual accounts and updates are provided by the assessor before the joint board at meetings.

**23.** The joint board's corporate service plan 2022/23 recognised the importance of performance monitoring by setting a commitment to review the performance management and planning framework to ensure continuous improvement.

**24.** Presentation of key performance indicators could be enhanced by providing these in a consistent and tabular format, including targets if applicable. This should be publicly available to allow the public and members of the joint board to assess trends and performance over time, and compare them against similar bodies.

---

## **Recommendation 1**

The joint board could enhance reporting of its performance by presenting key performance indicators in a consistent, accessible format to allow public and members to assess trends and compare indicators over time

---

# Appendix 1. Action plan 2022/23

## 2022/23 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Presentation of key performance information</b></p> <p>The joint board has a specific responsibility to ensure that arrangements have been made to secure best value. Key performance indicators should be published in a way which can allow trends in performance to be assessed.</p>	<p>The joint board could enhance reporting of its performance by presenting key performance indicators in a consistent, accessible format to allow public and members to assess trends and compare indicators over time.</p> <p><a href="#">Paragraph 24</a></p>	<p>Key performance indicators will be presented in the LVJB Annual Governance statement.</p> <p>B Callaghan, Head of Governance</p> <p>April 24</p>

# Lothian Valuation Joint Board

## 2022/23 Annual Audit Report

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

[www.audit-scotland.gov.uk/accessibility](http://www.audit-scotland.gov.uk/accessibility)



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[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

**10.00am, Monday 18<sup>th</sup> September 2023**

## **Audited Annual Accounts for the Year Ended 31st March 2023**

### **1. Recommendations**

---

The Board is recommended to:

- 1.1 note the Audited Annual Accounts for the year ended 31st March 2023;
- 1.2 authorise the Annual Accounts 2022/23 for signature.

**Hugh Dunn,**

**Treasurer**

Contact: Iain Shaw, Principal Accountant,

Finance and Procurement Division, Corporate Services Directorate, City of Edinburgh  
Council

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

## **Audited Annual Accounts for the Year Ended 31st March 2023**

### **2. Executive Summary**

---

- 2.1 This report presents the audited Annual Accounts for the year ended 31st March 2023 and recommends approval for signature.

### **3. Background**

---

- 3.1 The Audited Annual Accounts are presented in accordance with the Local Authority Accounts (Scotland) Regulations 2014.
- 3.2 The Local Authority Accounts (Scotland) Regulations 2014 require local authorities to aim to approve the annual accounts for signature no later than 30 September 2023.

### **4. Main Report**

---

- 4.1 The unaudited Annual Accounts were noted by the Lothian Valuation Joint Board at its meeting on 12th June 2023.
- 4.2 The External Auditor's report is presented separately on this agenda.
- 4.3 The Auditor's report provides an opinion on whether the financial statements:
- give a true and fair view of the state of affairs of Lothian Valuation Joint Board as at 31 March 2023 and of its income and expenditure for the year then ended;
  - have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Code; and;
  - have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003..
- 4.4 There are no qualifications to the audit certificate which appears on pages 46 to 48 of the accounts. The Auditor's opinion states that the financial statements give a true and fair view of the state of affairs of the Board as at 31st March 2023 and its income and expenditure for the year then ended.
- 4.5 An adjustment of £6.250m was made to the unaudited annual accounts to reduce the net pension asset to zero, following receipt of a revised actuarial report, which reflected fund performance to 31st March 2023 and minimum future funding obligations.

## **Reserves**

- 4.6 The Board has approved a general reserve with a minimum value of 3% of annual requisition (£0.180m). The Board's audited general reserve balance at 1st April 2023 is £1.295m.
- 4.6.1 £0.311m is earmarked for future costs of NDR Reform;
- 4.6.2 the non-earmarked reserve balance is £0.984m. This balance includes the minimum reserve balance of £0.180m noted above.
- 4.7 Reserve balances will be reviewed when the Board is presented for approval a revenue budget for 2024/25, on 5<sup>th</sup> February 2024.

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

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None

## **6. Appendices**

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- 6.1 Appendix 1 - Audited Annual Accounts for the Year Ended 31st March 2023



# LOTHIAN VALUATION JOINT BOARD

ELECTORAL REGISTRATION, VALUATION & COUNCIL TAX WITHIN LOTHIAN

## Annual Accounts for the year to 31st March 2023

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 2023. 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 Lothian 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 61.36% to The City of Edinburgh Council, 9.08% to Midlothian Council, 10.99% to East Lothian Council, and 18.57% 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, an 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 and Cultural Change Programme (TCCP), has been rebranded as the Continual Improvement Programme (CIP). Longer term budget strategy proposals were drafted and reviewed by the Board on 12th June. Organisational and procedural change to adapt to the reduction of staffing resource continues. 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. 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. Work on delivering a new system to deal with non-domestic proposals is well underway. 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 2022/23

##### 5.1 Financial Performance

The Board reported expenditure of £6.376m for 2022/23. This required a net drawdown of £0.155m from the Board's Reserves. Additional employee expenditure of £0.132m was incurred due to the cost of the COSLA pay award for 2022/23. A reduced level of employee turnover was partially offset by reduced National Insurance costs. The Board retains a General reserve of £1.295m. Included in this balance is (i) £0.180m retained to meet the Board's commitment to a minimum level of Reserve of 3% and (ii) a balance of £0.311m for future NDR Reform costs, with the remainder of the Board's Reserve retained to support costs of the Continual Improvement Programme in future years. 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 2022/23 (Contd.)

The outturn position is summarised below:

	Core Expenditure, Individual Electoral Registration (IER)			NDR Reform			Total		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000
• Employees	4,408	4,624	216	353	192	(161)	4,761	4,816	55
• Property	611	498	(113)	0	0	0	611	498	(113)
• Transport and Plant	51	51	0	0	0	0	51	51	0
• Supplies and Services	704	809	105	21	99	78	725	908	183
• Third Party Payments	140	129	(11)	0	0	0	140	129	(11)
• Support services	67	69	2	0	0	0	67	69	2
Total gross expenditure	5,981	6,180	199	374	291	(83)	6,355	6,471	116
• Sales, fees & charges	(42)	(36)	6	0	0	0	(42)	(36)	6
• Other grants and contributions	0	(20)	(20)	0	0	0	0	(20)	(20)
• IORB	(3)	(39)	(36)	0	0	0	(3)	(39)	(36)
Total income	(45)	(95)	(50)	0	0	0	(45)	(95)	(50)
Net Expenditure	5,936	6,085	149	374	291	(83)	6,310	6,376	66
• Council Requisition	(5,847)	(5,847)	0	(374)	(374)	0	(6,221)	(6,221)	0
Reserve Drawdown	(89)	(238)	(149)	0	83	83	(89)	(155)	(66)

The principal reasons for budget variances are noted below:

• <u>Employees</u>	£'000
- COSLA pay award for 2022	132
- reduced level of employee turnover	130
- underspend on NDR Reform	(161)
- reduction in employers National Insurance costs	(20)
- other employee costs	(26)
	55
• <u>Property</u>	
A realignment of budget heads was undertaken in 2022-23 for an upward rent review of £47,000 and an increase in Non-Domestic Rates, following Revaluation. As Revaluation does not take effect until 2023/24, there is a budget underspend on property costs in 2022-23.	(113)
• <u>Supplies and Services</u>	
The variance includes additional postage costs of £86,000 to deliver the 2022 Council Election, ICT expenditure of £78,000 for NDR Reform and costs of £20,000 to support delivery of the requirements of the Elections Act 2022, which was funded by Government grant (see below).	183
• <u>Third Party Payments and Support Services</u>	
The variance reflects reduced costs for the Valuation Appeals Committee during 2022-23.	(9)
• <u>Income</u>	
The variance includes Government grant funding of £20,000 to support delivery of the requirements of the Elections Act 2022 and additional interest of £36,000 earned on the Board's revenue balances. This reflects the increase in interest rates experienced during 2022-23.	(50)
• <u>Reserve Drawdown</u>	
As the COSLA pay award for 2022-23 was higher than the budget provision of 3%, the additional cost of £132,000 has been met by draw down from the Board's unallocated General Reserve. Individual Electoral Registration costs of £89,000 and other Core budget costs of £17,000 were met by draw down from the Unallocated General Reserve. As costs of NDR Reform were £83,000 less than budget, the underspend has been transferred to General Reserves, resulting in a net Reserve draw down of £155,000	(66)
<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 2023 is £1.295m. £0.311m is earmarked for future costs of NDR Reform. The non-earmarked usable reserve balance is £0.984m.

# LOTHIAN VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY

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### 5. Review of the Lothian Valuation Joint Board performance 2022/23 (Contd.)

#### 5.2 Overview of performance targets in 2022/23

During 2022/23, the residual impact of the COVID-19 pandemic and the significant resources allocated to the preparation for the 2023 Revaluation with a one year tone date, influenced the Board's performance, as defined by its Key Performance Indicators. The principal of these show that 86.26% (87.51% 2021/22; 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 35.47% (55.94% 21/22; 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 2022/23, 6,326 new houses were added to the Council Tax list while 2,064 amendments were made to the Valuation Roll. Following the 2017 Revaluation 13,000 appeals were lodged against rateable values appearing in the new Roll. As of 15th May 2023, 99.42% of these appeals had been dealt with. The statutory deadline for disposal of all appeals is 31st December 2023. The outstanding appeals have been referred to the Lands Tribunal.

The Electoral Register was maintained throughout 2022 (new register published December 2022) with 79,800 electors added and 77,152 deleted. The 2022 household canvass, which was based on the new canvass model, achieved a return rate of 88% (87.43% 2021; 85.61% 2020; 74.2% 2019; 75% 2018; 74% 2017; 70% 2016).

The electorate statistics at 2 May 2023 present a snapshot. There were 711,066 (includes attainers) persons on the electoral roll. (27th April 2022 708,315 ;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), now rebranded as the CIP, continued through 2022/23 with several key operational objectives coming online. Focus was on bringing in structural change to deal with the perceived "top heaviness" of upper management and deal with an apparent disconnect between staff and their managers. It is intended to improve the load balancing of allocation of technical work by removing distribution by geographic area and by bringing in a more agile working model where staff resource is task driven.

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 must be considered with other inescapable financial costs, including possible increases in utility costs for the Board's premises at South Gyle Crescent, the potential impact of the introduction of the workplace parking levy and unavoidable employee costs 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.

The transfer of the Valuation Appeal Committee (VAC) to the Scottish Court and Tribunal Service (SCTS) took place on 1st April 2023. All relevant proposals and appeals data for all council tax and non-domestic proposals and appeals have been provided to the SCTS to allow them to start the citation process.

In Electoral Registration, procedures have been brought in to issue Voter Authority Certificates to allow electors to vote who do not possess photo ID that is now required to vote at UK parliamentary elections. There is confidence that the Board will be able to issue these "at scale" in the busy pre-election period.

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. The long standing five yearly process of revaluation has been 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 to meet this new statutory requirement. The first phase of the new three yearly cycle has been delivered, with the valuation roll going live on the first of April 2023. The appeal disposal timetable for the 2017 Revaluation still remains at 31st December 2023. Excellent progress has been made in getting COVID appeals withdrawn. Of the 17,000 originally lodged within Lothian, 10,300 have now been withdrawn, leaving 6,700 remaining. Though to be welcomed, these 6,700 appeals still require to be programmed. Corresponding internal timetables and associated planning have been reviewed to reflect these changes.

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

# LOTHIAN VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY

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

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 Individual Electoral Registration (IER). The first three 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.

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, to members of the Board, out with 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.

**Assessor and Electoral Registration Officer:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
Michael Wilkie

**Treasurer:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
Hugh Dunn, CPFA

**Convener:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
Tom Conn

# 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.

I confirm that these Annual Accounts were approved for signature by the Lothian Valuation Joint Board at its meeting on the 18th September 2023.

**Convener:**

Tom Conn

**Date:**

### 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 2023, and its income and expenditure for the year ended 31st March 2023.

**Treasurer:**

Hugh Dunn, CPFA

**Date:**

## 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.

	Usable Reserves	Unusable Reserves	Total Board Reserves
	General Fund Balance		
	£'000	£'000	£'000
<b>2021/22 - Previous Year Comparative</b>			
<b>Opening Balances at 1 April 2021</b>	(1,232)	7,851	6,619
<b>Movement in reserves during 2021/22</b>			
(Surplus) or deficit on provision of services	711	0	711
Other Comprehensive Expenditure and Income	0	(10,373)	(10,373)
<b>Total Comprehensive Income and Expenditure</b>	<b>711</b>	<b>(10,373)</b>	<b>(9,662)</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations (Note 7.2)</b>	(930)	930	0
<b>Net (increase)/decrease before transfers to Other Statutory Reserves</b>	<b>(218)</b>	<b>(9,443)</b>	<b>(9,662)</b>
<b>(Increase)/Decrease in 2021/22</b>	<b>(218)</b>	<b>(9,443)</b>	<b>(9,662)</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>(1,450)</b>	<b>(1,592)</b>	<b>(3,042)</b>

	Usable Reserves	Unusable Reserves	Total Board Reserves
	General Fund Balance		
	£'000	£'000	£'000
<b>2022/23 - Current Financial Year</b>			
<b>Opening Balances at 1 April 2022</b>	(1,450)	(1,592)	(3,042)
<b>Movement in reserves during 2022/23</b>			
(Surplus) or deficit on provision of services	974	0	974
Other Comprehensive Expenditure and Income	0	698	698
<b>Total Comprehensive Income and Expenditure</b>	<b>974</b>	<b>698</b>	<b>1,672</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations (Note 7.1)</b>	(819)	819	0
<b>Net (increase)/decrease before transfers to Other Statutory Reserves</b>	<b>155</b>	<b>1,517</b>	<b>1,672</b>
<b>(Increase)/Decrease in 2022/23</b>	<b>155</b>	<b>1,517</b>	<b>1,672</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>(1,295)</b>	<b>(75)</b>	<b>(1,370)</b>

<b>General Fund analysed over:</b>	<b>£'000</b>
Amounts earmarked	(311)
Amounts uncommitted	(984)
<b>Total General Fund Balance at 31 March 2023</b>	<b>(1,295)</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.

2021/22				2022/23		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
6,808	(33)	6,775	Assessor's Services - Non-Domestic Lands Valuation, Council Tax Valuation and Registration of Electors	7,319	(37)	7,282
<b>6,808</b>	<b>(33)</b>	<b>6,775</b>	<b>Cost Of Services</b>	<b>7,319</b>	<b>(37)</b>	<b>7,282</b>
			<b>Financing and Investment Income:</b>			
0	(2)	(2)	Interest & Investment income (Note 10.5)	0	(39)	(39)
1,419	0	1,419	Interest Cost on Defined Benefit Obligation (Note 21.5)	1,834	0	1,834
0	(1,251)	(1,251)	Interest Income on Pension Assets (Note 21.4)	0	(1,862)	(1,862)
<b>1,419</b>	<b>(1,253)</b>	<b>166</b>	<b>Total Financing and Investment Income</b>	<b>1,834</b>	<b>(1,901)</b>	<b>(67)</b>
			<b>Non-Specific Grant Income:</b>			
0	(6,230)	(6,230)	Constituent council requisitions (Note 25)	0	(6,221)	(6,221)
0	0	0	Taxation and Non-Specific Grant Income (Note 26)	0	(20)	(20)
<b>0</b>	<b>(6,230)</b>	<b>(6,230)</b>	<b>Total Non-Specific Grant Income</b>	<b>0</b>	<b>(6,241)</b>	<b>(6,241)</b>
<b>8,227</b>	<b>(7,516)</b>	<b>711</b>	<b>(Surplus) or Deficit on Provision of Services (Note 2)</b>	<b>9,153</b>	<b>(8,179)</b>	<b>974</b>
			<b>Other Comprehensive Income and Expenditure:</b>			
0	(4,513)	(4,513)	Change in Financial Assumptions (Note 21.5)	0	(1,929)	(1,929)
0	(425)	(425)	Change in Demographic Assumptions (Note 21.5)	0	(519)	(519)
103	0	103	Other Experience (Note 21.4 & 21.5)	2,785	0	2,785
0	(5,538)	(5,538)	Return on pension assets excl. amounts included in net int. (Note 21.4)	361	0	361
<b>8,330</b>	<b>(17,992)</b>	<b>(9,662)</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>12,299</b>	<b>(10,627)</b>	<b>1,672</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 2022 £'000		Notes	31 March 2023 £'000
310	Property, plant and equipment	8.1	3,056
39	Intangible assets	9	55
56	Long-term debtors	23	51
1,410	Other long-term assets (Pensions)	21.3	0
1,815	<b>Long term assets</b>		3,162
130	Short-term debtors	11	113
1,782	Cash and cash equivalents	12	1,618
1,912	<b>Current assets</b>		1,731
(335)	Short-term creditors	13	(892)
(335)	<b>Current liabilities</b>		(892)
0	Other long-term liabilities - property lease	22	(2,317)
(350)	Other long-term liabilities	24	(315)
(350)	<b>Long-term liabilities</b>		(2,632)
<b>3,042</b>	<b>Net assets/(liabilities)</b>		<b>1,370</b>
(1,450)	Usable reserves	14	(1,295)
(1,592)	Unusable reserves	14	(75)
<b>(3,042)</b>	<b>Total reserves</b>		<b>(1,370)</b>

The unaudited Annual Accounts were authorised for issue by the Treasurer on 7th June 2023  
The audited Annual Accounts were authorised for issue on 18th September 2023

Treasurer:  
Hugh Dunn, CPFA

Date: \_\_\_\_\_

# 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 2022 £'000	31 March 2022 £'000		31 March 2023 £'000	31 March 2023 £'000
<b>OPERATING ACTIVITIES</b>				
(33)		Cash received for goods and services	(42)	
0		Government grants	(20)	
0		Other local authorities	0	
(2)		Interest received	(39)	
(6,230)		Other operating cash receipts	(6,221)	
	<b>(6,265)</b>	<b>Cash inflows generated from operating activities</b>		<b>(6,323)</b>
4,612		Cash paid to and on behalf of employees	4,809	
1,559		Cash paid to suppliers of goods and services	1,624	
	<b>6,170</b>	<b>Cash outflows generated from operating activities</b>		<b>6,433</b>
	<b>(94)</b>	<b>Net cash flows from operating activities (Note 15.1)</b>		<b>110</b>
<b>INVESTING ACTIVITIES</b>				
62		Purchase of property, plant and equipment and intangible assets.	54	
	<b>62</b>	<b>Net cash flows from investing activities</b>		<b>54</b>
	<b>(32)</b>	<b>Net (increase)/decrease in cash and cash equivalents (Note 15.2)</b>		<b>164</b>
<b>1st April £'000</b>	<b>1st April £'000</b>		<b>1st April £'000</b>	<b>1st April £'000</b>
1,750		Cash and cash equivalents	1,782	
	1,750			1,782
<b>31st March</b>			<b>31st March</b>	
1,782		Cash and cash equivalents	1,618	
	1,782			1,618
	<b>(32)</b>	<b>Net (increase)/decrease in cash and cash equivalents (Note 15.2)</b>		<b>164</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
- Property lease - Right of Use asset;

The Board has adopted International Financial Reporting Standard 16 (IFRS16) with effect from 1st April 2022. This results in recognition of a right-of-use asset and related lease liability for the Board's property lease of 17a South Gyle Crescent, Edinburgh. The lease was previously accounted for as an operating lease. Under the provisions for adoption, there is not a requirement to restate the prior year figure.

###### 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 asset's remaining useful life;

# 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 being 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 for Right of Use assets are classified as finance leases where the terms of the lease are consistent with International Financial Reporting Standard 16 (IFRS16). All other leases are classified as operating leases.

A weighted average incremental borrowing rate of 0.95% has been applied to lease liabilities as at 1 April 2022."

##### a) Finance Leases

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

The Board has identified one leased-in property asset that falls within the definition of a finance lease.

The lease is recognised as a Right of Use asset on the Balance Sheet. Depreciation and an Interest expense is charged to the Comprehensive Income and Expenditure statement over the life of the lease.

###### *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 probable 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 Pension 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/the value of the net pension asset, 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 required to meet 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 2023, 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 are 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						
2021/22			2022/23			
Net Expend. Chargeable to the General Fund	Adjustments	Net Expenditure in the CIES	Net Expend. Chargeable to the General Fund	Adjustments	Net Expenditure in the CIES	
£000	£000	£000	£000	£000	£000	£000
6,012	763	6,775	Assessor's Services	6,396	886	7,282
<b>6,012</b>	<b>763</b>	<b>6,775</b>	<b>Net Cost of Services</b>	<b>6,396</b>	<b>886</b>	<b>7,282</b>
			<b>Other Income and Expenditure</b>			
(6,230)	0	(6,230)	Constituent council requisitions	(6,221)	0	(6,221)
			Taxation and Non-Specific Grant			
0	0	0	Income	(20)	0	(20)
0	(2)	(2)	Interest and investment income	0	(39)	(39)
0	168	168	Net pension interest cost	0	(28)	(28)
<b>(218)</b>	<b>929</b>	<b>711</b>	<b>(Surplus) or deficit on the provision of services</b>	<b>155</b>	<b>819</b>	<b>974</b>
(1,232)			Opening General Fund Balance	(1,450)		
(218)			(Surplus) / Deficit on the provision of services	155		
<b>(1,450)</b>			<b>Closing General Fund Balance at 31 March</b>	<b>(1,295)</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 2022/23:

	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
Assessor's Services	99	740	9	847	39	886	
<b>Net Cost of Services</b>	<b>99</b>	<b>740</b>	<b>9</b>	<b>847</b>	<b>39</b>	<b>886</b>	
<b>Other Income and Expenditure</b>							
Constituent council requisitions	0	0	0	0	0	0	
Interest and investment income	0	0	0	0	(39)	(39)	
Net pension interest cost	0	(28)	0	(28)	0	(28)	
<b>(Surplus) or deficit on the provision of services</b>	<b>99</b>	<b>712</b>	<b>9</b>	<b>819</b>	<b>0</b>	<b>819</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:

Expenditure	Core Expenditure, Individual		Total
	Electoral Registration (IER)	NDR Reform	
	£000	£000	£000
Employee expenses	4,624	192	4,817
Other service expenses	1,487	99	1,586
Support service recharges	69	0	69
<b>Total Expenditure</b>	<b>6,180</b>	<b>291</b>	<b>6,472</b>
<b>Income</b>			
Revenues from external customers	(37)	0	(37)
Income from recharges for services	0	0	0
Interest and investment income	(39)	0	(39)
<b>Total Income</b>	<b>(76)</b>	<b>0</b>	<b>(76)</b>
<b>Net Cost of Services per EFA</b>	<b>6,104</b>	<b>291</b>	<b>6,396</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:

	2021/22	2022/23
Expenditure	£000	£000
Employee expenses	5,204	5,565
Other service expenses	1,457	1,146
Support service recharges	66	69
Depreciation and impairment	81	539
Interest payments	1,419	1,834
<b>Total Expenditure</b>	<b>8,227</b>	<b>9,153</b>
<b>Income</b>		
Fees, charges and other service income	(33)	(37)
Government grants and other contributions	0	(20)
Interest and investment income	(1,253)	(1,901)
Income from constituent Councils	(6,230)	(6,221)
<b>Total Income</b>	<b>(7,516)</b>	<b>(8,179)</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>711</b>	<b>974</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 by the Code for the relevant financial year. The standards introduced by the 2023/24 Code where disclosures are required in the 2022/23 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year);
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.

CIPFA/LASAAC consider it is likely that, though they lead to improved reporting, the non-IFRS16 items above will not have a significant impact on the amounts anticipated to be reported in the financial statements.

### 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 Board's assets might be impaired as a result of a need to reduce 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 has allowed for the impact of full GMP indexation in the calculation of the latest funding valuation results. The funding valuation results are used as the starting point for the accounting roll-forward calculations and therefore an allowance for full GMP indexation is included in the accounting disclosure;
- GMP equalisation – historical transfers (Further Lloyd's ruling) – the Board's actuary has advised this further ruling is unlikely to have a significant impact on the pension obligations of a typical employer. The historic individual member data needed to assess the impact is not readily available. As a result, no allowance has been made for this within the actuary's calculations;
- Local Government Pension Scheme (LGPS) - McCloud and Sargeant cases. Where an allowance was made for the McCloud case in 2021/22, the actuary has made no further adjustment to the 2022/23 Result Schedule. No explicit additional adjustment for the McCloud case has been added to the current service cost for 2022/23 or the projected service cost for 2023/24;
- 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. The actuary has carried out analysis to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits. The remedy is still uncertain but the potential impact has been estimated to be very small. The actuary does not believe it is necessary or appropriate to make an adjustment to account for this at the moment;

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 £0.009m 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%	833
1 year increase in member life expectancy	4%	1,900
0.1% increase in the Salary Increase Rate	0%	107
0.1% increase in the Pension Increase Rate	2%	737

### 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.

2022/23 - Current Financial Year	Usable Reserves	Unusable Reserves			
	General Fund Balance	Capital Adjustment Account	Pension Reserve	Accumulated Absence Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account</b>					
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>					
Charges for depreciation and impairment of non-current assets	(114)	114	0	0	114
Depreciation of intangible assets	(38)	38	0	0	38
<b>Insertion of items not debited or credited to the CIES</b>					
Capital expenditure charged against General Fund Balance	54	(54)	0	0	(54)
<b>Adjustments primarily involving the Pensions Reserve</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	(1,536)	0	1,536	0	1,536
Employer's pension contributions and direct payments to pensioners payable in the year	824	0	(824)	0	(824)
<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	(9)	0	0	9	9
<b>Total Adjustments</b>	<b>(819)</b>	<b>99</b>	<b>712</b>	<b>9</b>	<b>819</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.

2021/22 - 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	(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	(1,804)	0	1,804	0	1,804
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>(929)</b>	<b>19</b>	<b>913</b>	<b>(3)</b>	<b>929</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 2022/23</u>	Right of Use Asset £000's	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 2022	3,128	432	186	3,746
Impairment	0	0	(14)	(14)
Derecognised assets GBV reversal	0	0	0	0
Additions	0	0	0	0
At 31st March 2023	3,128	432	172	3,732
<b>Accumulated Depreciation</b>				
At 1st April 2022	0	(256)	(53)	(309)
Derecognised assets depreciation reversal	0	0	0	0
Depreciation charge	(321)	(18)	(34)	(373)
Impairment	0	0	6	6
At 31st March 2023	(321)	(274)	(82)	(676)
<b>Net Book Value at 31st March 2023</b>	<b>2,807</b>	<b>158</b>	<b>90</b>	<b>3,056</b>

8.2 <u>Previous Year Movements in 2021/22</u>	Right of Use Asset * £000's	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	0	432	218	650
Impairment	0	0	(15)	(15)
Derecognised assets GBV reversal	0	0	(49)	(49)
Additions	0	0	33	33
At 31st March 2022	0	432	186	618
<b>Accumulated Depreciation</b>				
At 1st April 2021	0	(238)	(84)	(322)
Derecognised assets depreciation reversal	0	0	49	49
Depreciation charge	0	(18)	(32)	(50)
Impairment	0	0	14	14
At 31st March 2022	0	(256)	(53)	(308)
<b>Net Book Value at 31st March 2022</b>	<b>0</b>	<b>176</b>	<b>133</b>	<b>310</b>

\* The Board has adopted International Financial Reporting Standard 16 (IFRS16), effective from 1st April 2022. Under the provisions for adoption, there is not a requirement to restate the prior year figure.

#### 8.3 Depreciation

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

- Right of Use asset (property lease) - 25 years
- Leasehold improvements (buildings) - 25 years
- 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 2023.

##### 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:
  - Cohesity Replica Delivered as a Service -Data Retention for capacity
  - Unity - Pro Support 4HR/MC
  - Central Intercept X Advanced Software
  - Basic Support Vmware
  - Central Mobile Advanced Software
- 5 years:
  - FMP HR and Payroll Software Limited - Software

The carrying amount of intangible assets is depreciated on a straight-line basis. Amortisation of £0.038m was charged to the Comprehensive Income and Expenditure during 2022/23.

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

	2021/22	2022/23
	£'000	£'000
Balance at start of year:		
• Gross carrying amounts	172	153
• Accumulated amortisation	(132)	(115)
<b>Net carrying amount at start of year</b>	<b>40</b>	<b>39</b>
Additions	29	54
Amortisation for the period	(30)	(38)
<b>Net carrying amount at end of year</b>	<b>39</b>	<b>55</b>
Comprising:		
• Gross carrying amounts	153	207
• Accumulated amortisation	(115)	(153)
	39	55

# 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	31st March	31st March	31st March
	2022	2023	2022	2023
<b>Financial Liabilities</b>	£'000	£'000	£'000	£'000
Trade creditors	0	0	(335)	(892)
Trade creditors at 31 March 2022 are restated to include a comparator with the position at 31 March 2023.				

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

	Non-Current		Current	
	31st March	31st March	31st March	31st March
	2022	2023	2022	2023
<b>Cash and Cash Equivalents</b>	£'000	£'000	£'000	£'000
Loans and receivables	0	0	1,782	1,618
<b>Debtors</b>				
Trade debtors	0	0	130	113
Trade debtors at 31 March 2022 are restated to include a comparator with the position at 31 March 2023.				

#### 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 2023, 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 2023, 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 2022		31 March 2023	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Trade creditors	(335)	(335)	(892)	(892)
Trade debtors	130	130	113	113
Loans and receivables	1,782	1,782	1,618	1,618

#### 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 2022 £'000	Financial Assets measured at amortised cost 31st March 2023 £'000
Total expense and income in Surplus or Deficit on the Provision of services :		
Interest income	(2)	(39)

### 11. SHORT TERM DEBTORS

	2021/22 £'000	2022/23 £'000
Debtors:		
• Trade Receivables	7	0
• Prepayments	123	113
• Other receivable amounts	0	0
	<u>130</u>	<u>113</u>

### 12. CASH AND CASH EQUIVALENTS

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

	2021/22 £'000	2022/23 £'000
• Cash held by the Board	0	0
• Other local authorities	1,782	1,618
	<u>1,782</u>	<u>1,618</u>

### 13. SHORT TERM CREDITORS

	2021/22 £'000	2022/23 £'000
Creditors:		
• Trade payables	(54)	(42)
• Other payables	(281)	(305)
• Finance Lease obligations	0	(544)
	<u>(335)</u>	<u>(892)</u>

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

### 14. USABLE AND UNUSABLE RESERVES

<u>USABLE</u>		2021/22	2022/23
		£'000	£'000
14.1	General Fund Balance	(1,450)	(1,295)
		<u>(1,450)</u>	<u>(1,295)</u>

<u>UNUSABLE</u>		2021/22	2022/23
		£'000	£'000
14.2	Capital Adjustment Account	(349)	(250)
14.3	Pension Reserve	(1,410)	0
14.4	Accumulated Absence Account	166	175
		<u>(1,592)</u>	<u>(75)</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>	2021/22	2022/23	
	£'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)	(218)	
2022/23		<u>155</u>	
		<u>(1,450)</u>	<u>(1,295)</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.)

	2021/22 £'000	2022/23 £'000
<b>Balance at 1st April</b>	(368)	(349)
Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
• Charges for depreciation and impairment of non-current assets	51	114
• Depreciation of intangible assets	30	38
	<hr/>	<hr/>
Net written out amount of the cost of non-current assets consumed in year	(287)	(197)
Capital financing for the year:		
• Statutory provision for the financing of capital expenditure	(62)	(54)
	<hr/>	<hr/>
<b>Balance at 31st March</b>	<b>(349)</b>	<b>(250)</b>

#### 14.3 Pension Reserve

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

	2021/22 £'000	2022/23 £'000
<b>Balance at 1st April</b>	8,050	(1,410)
Remeasurements of the net defined benefit liability / (asset)	(10,373)	698 *
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.	1,804	1,536
Employer's pension contributions and direct payments to pensioners payable in the year.	(891)	(824)
	<hr/>	<hr/>
<b>Balance at 31st March</b>	<b>(1,410)</b>	<b>0</b>

\* International Accounting Standard 19 (IAS19) imposes a limit on the maximum amount of surplus which can be recognised on the balance sheet. The Remeasurement amount reduces the value of the Pension Asset to the maximum restricted amount.

# 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.

	2021/22 £'000	2021/22 £'000	2022/23 £'000	2022/23 £'000
<b>Balance at 1st April</b>		169		166
Settlement or cancellation of accrual made at the end of the preceding year	(169)		(166)	
Amounts accrued at the end of the current year	166		175	
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		(3)		9
<b>Balance at 31st March</b>		166		175

### 15 CASH FLOW STATEMENT

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

	2021/22 £'000	2022/23 £'000
Net (increase)/decrease in the General Fund Balance	(218)	155
Exclude accumulated absences	(3)	9
Exclude revenue contribution to capital	(62)	(54)
	(283)	110
(Decrease)/increase in revenue debtors	(15)	(17)
(Decrease)/increase in long term debtors	(6)	(5)
Decrease/(increase) in deferred credit	35	35
Decrease/(increase) in revenue creditors	174	(12)
Revenue activities net cash flow	(94)	110

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

	2021/22 £'000	2022/23 £'000
Due by/(to) the City of Edinburgh Council at 31st March	1,782	1,618
Due by/(to) the City of Edinburgh Council at 1st April	1,750	1,782
(Increase)/decrease in cash	(32)	164

## 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.

	2021/22	2022/23
	£000's	£000's
Salaries (incl. NI and Pensions)	14	5
Expenses	0	0
Total	14	5

#### 17. EXTERNAL AUDIT COSTS

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

	2021/22	2022/23
	£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 2022/23 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:

	2021/22	2022/23
	£000's	£000's
• <b>The City of Edinburgh Council:</b>		
Rates	117	119
Rent	305	399
Central support costs	67	69
Interest on revenue balances	(2)	(39)
Constituent council contribution	(3,833)	(3,817)
Trade Waste/Ground Maintenance	4	5
Due from City of Edinburgh Council	1,782	1,618
Long term debtor - lease of office	56	51
Convener's remuneration	6	5

## LOTHIAN VALUATION JOINT BOARD

### NOTES TO THE ANNUAL ACCOUNTS

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

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

	2021/22 £000's	2022/23 £000's
<ul style="list-style-type: none"><li>• <b>Midlothian Council</b></li></ul>		
Constituent council contribution	(571)	(565)
<ul style="list-style-type: none"><li>• <b>East Lothian Council</b></li></ul>		
Constituent council contribution	(671)	(684)
<ul style="list-style-type: none"><li>• <b>West Lothian Council</b></li></ul>		
Constituent council contribution	(1,155)	(1,155)
Vice Convener remuneration	4	1
<ul style="list-style-type: none"><li>• Clackmannanshire Council</li><li>• Fife Council</li><li>• Glasgow City Council</li><li>• Renfrewshire Council</li><li>• Convention of Scottish Local Authorities</li><li>• Registers of Scotland</li><li>• Scottish Court Service</li></ul>	29 2 8 2 2 2 0	46 0 2 1 0 2 0

#### 19. TERMINATION BENEFITS

No employees left during 2022/23 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.

	2021/22 £000's	2022/23 £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><li>• Intangible assets</li></ul>	33 29	0 54
Sources of finance		
<ul style="list-style-type: none"><li>• Direct revenue contributions</li></ul>	(62)	(54)
<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:

	2021/22 £000	2021/22 £000	2022/23 £000	2022/23 £000
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Cost of services, comprising:</b>				
Current service costs	1,636		1,564	
Past service costs	<u>0</u>		0	
		1,636		1,564
<b>Financing and investment income:</b>				
Net interest expense		<u>168</u>		<u>(28)</u>
<b>Total post employee benefit charged to the surplus on the provision of services</b>		1,804		1,536
<b>Other post-employment benefits charges to the Comprehensive Income / Expenditure Statement</b>				
<b>Remeasurement of the net defined liability, comprising:</b>				
Return on pension assets, excluding the amount incl. in the net interest expense above.	(5,538)		361	
Actuarial gains and (losses) arising on changes in financial and demographic assumptions	(4,938)		(25,255)	
Restriction in Pension Asset	0		22,807	
Other experience	<u>103</u>		<u>2,785</u>	
		<u>(10,373)</u>		<u>698</u>
<b>Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement</b>		<u>(8,569)</u>		<u>2,234</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>9,460</u>		<u>(1,410)</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		807		746
Contributions in respect of unfunded benefits		<u>84</u>		<u>78</u>
		<u>891</u>		<u>824</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:

	2021/22	2022/23
	£000	£000
Fair value of employer assets	69,216	70,306
Restriction in Pension Asset *	0	(22,807)
Present value of funded liabilities	(66,111)	(46,222)
Present value of unfunded liabilities	(1,695)	(1,277)
Net asset arising from defined benefit obligation	<u>1,410</u>	<u>0</u>

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

	2021/22	2022/23
	£000	£000
Opening fair value of scheme assets	62,734	69,216
Interest income	1,251	1,862
Remeasurement gain / (loss):		
Return on pension assets, excluding the amount included in the net interest expense	5,538	(361)
Contributions from employer	807	746
Contributions from employees into the scheme	213	229
Contributions in respect of unfunded benefits	84	78
Benefits paid	(1,327)	(1,386)
Other Experience	0	0
Unfunded benefits paid	(84)	(78)
Closing fair value of scheme assets	<u>69,216</u>	<u>70,306</u>

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

	2021/22	2022/23
	£000	£000
Present value of funded liabilities	(68,978)	(66,111)
Present value of unfunded liabilities	(1,806)	(1,695)
Opening balance at 1 April	<u>(70,784)</u>	<u>(67,806)</u>
Current service cost	(1,636)	(1,564)
Interest cost	(1,419)	(1,834)
Contributions from employees into the scheme	(213)	(229)
Remeasurement gain / (loss):		
Change in financial assumptions	4,513	24,736
Change in demographic assumptions	425	519
Other experience	(103)	(2,785)
Past service cost	0	0
Benefits paid	1,327	1,386
Unfunded benefits paid	84	78
Closing balance at 31 March	<u>(67,806)</u>	<u>(47,499)</u>

\* International Accounting Standard 19 imposes a limit on the maximum amount of surplus which can be recognised on the balance sheet. This adjustment reduces the value of the Pension Asset to the maximum restricted amount.

# 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.

	2021/22 £000	2021/22 %	2022/23 £000	2022/23 %
<b>Equity Securities</b>				
Consumer *	8,515.1	12%	8,619.8	12%
Manufacturing *	9,160.4	13%	9,691.4	14%
Energy and Utilities *	3,821.1	6%	4,241.1	6%
Financial Institutions *	3,989.2	6%	4,229.3	6%
Health and Care *	4,794.6	7%	5,164.3	7%
Information Technology *	3,145.1	5%	2,919.9	4%
Other *	5,160.3	7%	4,800.6	7%
<b>Sub-total Equity Securities</b>	<b>38,585.8</b>		<b>39,666.4</b>	
<b>Debt Securities:</b>				
Corporate Bonds (investment grade) *	0.0	0%	0.0	0%
Corporate Bonds (investment grade)	0.0	0%	1,096.5	2%
Corporate Bonds (non-investment grade)	0.0	0%	0.0	0%
UK Government *	6,044.5	9%	8,150.6	12%
Other	1,298.3	2%	1,468.3	2%
<b>Sub-total Debt Securities</b>	<b>7,342.8</b>		<b>10,715.4</b>	
<b>Private Equity</b>				
All	325.5	0%	274.7	0%
<b>Sub-total Private Equity</b>	<b>325.5</b>		<b>274.7</b>	
<b>Real Estate:</b>				
UK Property *	0.0	0%	0.0	0%
UK Property	3,659.1	5%	3,167.1	5%
Overseas Property	19.5	0%	112.9	0%
<b>Sub-total Real Estate</b>	<b>3,678.6</b>		<b>3,280.0</b>	
<b>Investment Funds and Unit Trusts:</b>				
Equities *	1,243.3	2%	990.5	1%
Bonds *	3,241.2	5%	2,035.7	3%
Infrastructure	7,017.8	10%	10,019.8	14%
<b>Sub-total Investment Funds and Unit Trusts</b>	<b>11,502.3</b>		<b>13,046.0</b>	
<b>Derivatives:</b>				
Foreign Exchange *	3.3	0%	3.0	0%
<b>Sub-total Derivatives</b>	<b>3.3</b>		<b>3.0</b>	
<b>Cash and Cash Equivalents</b>				
All *	7,777.7	11%	3,320.5	5%
<b>Sub-total Cash and Cash Equivalents</b>	<b>7,777.7</b>		<b>3,320.5</b>	
<b>Total Fair Value of Employer Assets</b>	<b>69,216.0</b>	<b>100%</b>	<b>70,306.0</b>	<b>100%</b>

Scheme assets marked with an asterisk (\*) have quoted prices in current active markets or were in active markets 2022/23.

# 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 2023 were those from the beginning of the year (i.e. 31 March 2022) and have not been changed during the year. The main assumptions in the calculations are:

<u>Average future life expectancies at age 65:</u>		2021/22	2022/23
Current pensioners	male	20.3 years	19.9 years
Current pensioners	female	23.1 years	22.9 years
Future pensioners	male	21.6 years	21.2 years
Future pensioners	female	25 years	24.7 years
<u>Financial assumptions:</u>		2021/22	2022/23
Pension increase rate		3.20%	2.95%
Salary increase rate		3.70%	3.45%
Discount rate		2.70%	4.75%

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 2023 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 has 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% to 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 2023:</u>	Approximate % increase to Employer	Approximate Monetary Amount
0.1% decrease in Real Discount Rate	2.0%	833
1 year increase in member life expectancy	4.0%	1,900
0.1% increase in the Salary Increase Rate	0.0%	107
0.1% increase in the Pension Increase Rate	2.0%	737

#### 21.8 Analysis of projected amount to be charged to profit or loss for the period to 31 March 2023

	Assets £000	Obligations £000	Net (liability) / asset	
			£000	% of pay
Projected current service cost	0	(721)	(721)	(21.1%)
Total Service Cost	0	(721)	(721)	(21.1%)
Interest income on plan assets	3,328	0	3,328	97.3%
Interest cost on defined benefit obligation	0	(2,242)	(2,242)	(65.5%)
Total Net Interest Cost	3,328	(2,242)	1,086	31.8%
Total included in Profit or Loss	3,328	(2,963)	365	10.7%

The Board's estimated contribution to Lothian Pension Fund for 2023/24 is £0.746m

#### 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

##### Finance Lease

The Board has a lease of land and buildings, as listed below. Following adoption of IFRS16 for 2022/23, this lease is accounted for as a Finance lease.

17a South Gyle Crescent - offices		
	2021/22	2022/23
	£000's	£000's
The future minimum lease payments due in future years are:		
• Not later than 1 year	-	277
• Later than 1 year not later than 5 years	-	965
• Later than 5 years	-	1,352
	<u>0</u>	<u>2,595</u>

##### Operating Leases

Prior to the adoption of IFRS16 for 2022/23, the Board's lease of land and buildings was accounted for as an operating lease.

The Board has three other operational leases. The leases and 2022/23 costs are : mobile phones/tablet devices (£11,529), a photocopying agreement (£3,077) and a pool vehicle (£2,633).

	2021/22	2022/23
	£000's	£000's
The future minimum lease payments due in future years are:		
• Not later than 1 year	305	3
• Later than 1 year not later than 5 years	1,221	-
• Later than 5 years	1,450	-
	<u>2,976</u>	<u>3</u>

##### Car Leases

The Board operates an employee car leasing scheme. There were three active leases in operation at 31st March 2023. Employees contributed £0.012m during 2022/23 towards the cost of car leasing. The Board is committed to paying the following sums in future years:

	2021/22	2022/23
	£000's	£000's
The future minimum lease payments due in future years are:		
• Not later than 1 year	11	7
• Later than 1 year not later than 5 years	5	3
	<u>16</u>	<u>10</u>

#### 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 9 years, consequently £5,642 will be written to the Comprehensive Income and Expenditure Statement each year.

	2021/22	2022/23
	£000's	£000's
• Cash incentive:		
Balance at 1st April	62	56
Amortised to Comprehensive Income and Expenditure Statement	(6)	(5)
Balance at 31st March	<u>56</u>	<u>51</u>

## LOTHIAN VALUATION JOINT BOARD

### NOTES TO THE ANNUAL ACCOUNTS

#### 24. OTHER LONG TERM LIABILITIES

The Board relocated to its current office 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.

	2021/22	2022/23
	£000's	£000's
Balance at 1st April	(385)	(350)
Amortised to Comprehensive Income and Expenditure Statement	35	35
Balance at 31st March	<u>(350)</u>	<u>(315)</u>

#### 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	Received	Due (to)/from
	2022/23	2022/23	Councils
	£000's	£000's	2022/23
			£000's
City of Edinburgh Council	3,817	3,817	0
Midlothian Council	565	565	0
East Lothian Council	684	684	0
West Lothian Council	1,155	1,155	0
	<u>6,221</u>	<u>6,221</u>	<u>0</u>

#### 26. TAXATION AND NON-SPECIFIC GRANT INCOME

	2021/22	2022/23
	£000's	£000's
Government Grant - Elections Act 2022	0	(20)
	<u>0</u>	<u>(20)</u>

# LOTHIAN VALUATION JOINT BOARD

## NOTES TO THE ANNUAL ACCOUNTS

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

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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 2023 amounted to £1.618m (2021/22 £1.782m). No breaches of the Board's counterparty criteria occurred during the reporting period and the Board does not expect any losses from non-performance by any of its counterparties in relation to deposits. During the reporting period, the Board held no collateral as security.

# LOTHIAN VALUATION JOINT BOARD

## ANNUAL GOVERNANCE STATEMENT

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### Scope of Responsibility

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

Lothian Valuation Joint Board (LVJB) has responsibility for ensuring that it conducts its business in accordance with legislation and proper standards, and that public money is properly accounted for and expended to achieve maximum value. LVJB is committed to pursuing continuous improvement in the way in which services are delivered to attain organisational efficiency.

In discharging this responsibility, LVJB has established comprehensive arrangements for the governance of its activities and the operational exercise of its functions, which includes arrangements for the management and oversight of risk.

LVJB acknowledges its duty for ensuring that there is effective governance within the organisation and as such has developed a Code of Corporate Governance defined by three 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 service oriented results while making the best use of its resources;
- LVJB operates in 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 are City of Edinburgh Council (CEC) Internal Audit and external auditors, Audit Scotland.

### 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 Audit Scotland 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 2022/23, which assessed the adequacy of design of the key controls established to support the processing of Non-domestic Business Rate appeals. The Board received a report on the recommendations and the outcome of the audit on 24th April 2023. Internal Audit found that, The design of the controls in place to support the processing of Non-domestic Rate appeals, are effective.

### 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.

# LOTHIAN VALUATION JOINT BOARD

## ANNUAL GOVERNANCE STATEMENT (Contd.)

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Risk management, assessment and evaluation continues to be monitored via the Board's 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 & External audits and are incorporated in this Annual Governance Statement.

The Board has now formally adopted a hybrid model of working. Staff were provided with the opportunity to work occasionally, regularly or permanently from home with the necessary health and safety checks being undertaken to support their choice. The model gives staff a healthy work/life balance whilst enabling the organisation to maintain required service levels.

In 2022/23, the Board introduced the Continuous Improvement Programme (CIP - previously known as the Transformation and Cultural Change Programme, TCCP). The CIP will continue to build on the foundations of the transformation to date, seeking to simplify the message behind the drive for change;

***“With clear understanding of our ongoing budget challenges, we will adopt a sustainable programme of continual improvement that provides increased cost and operational efficiency across all aspects of our valuation and electoral registration services. By supporting the creation of a positive work environment, delivery of these services will be carried out by investing in a motivated, skilled, and flexible staffing resource.”***

### 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 2023. 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 2022/23, 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.

Assessor and Electoral Registration Officer: Michael Wilkie

Date: \_\_\_\_\_

Convener of Lothian Valuation Joint Board: Tom Conn

Date: \_\_\_\_\_

# 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, disclosed in pay bands of £5,000;
- Details of remuneration paid to senior employees of the Board for 2022/23;
- 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

Tables 4 to 9 on pages 43, 44 and 45 in the Remuneration Report have been audited by the Board's external auditor. The other sections in the Remuneration Report have been reviewed by the external auditor to identify material inconsistencies with the financial statements, or is inconsistent with knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

### 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 Corporate Services, 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 (LGPS) administered by the Lothian Pension Fund. The LGPS became a career average pay scheme on 1 April 2015. Benefits built up to 31 March 2015 are protected and based on final salary. Accrued benefits from 1 April 2015 will be based on career average salary.

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 2022/23 are as follows:

On earnings up to and including £23,000 (5.5%), on earnings above £23,001 and up to £28,100 (7.25%), on earnings above £28,101 and up to £38,600 (8.5%), on earnings above £38,601 and up to £51,400 (9.5%) and on earnings above £51,400 (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:

<b>Remuneration Band</b>	<b>Number of Employees</b>	
	<b>2021/22</b>	<b>2022/23</b>
£50,000 - £54,999	4	4
£55,000 - £59,999	-	5
£60,000 - £64,999	3	-
£65,000 - £69,999	1	2
£70,000 - £74,999	-	2
£75,000 - £79,999	1	1
£80,000 - £84,999	-	-
£85,000 - £89,999	1	1
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	1
£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>11</b>	<b>16</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.

<b>Name and Post Title</b>	<b>Salary, Fees and Allowances 31 March 2022</b>	<b>Salary, Fees and Allowances 31 March 2023</b>
	<b>£</b>	<b>£</b>
G Elliott-Assessor and ERO (Retired 16 October 2022)	129,600	74,339
M Wilkie-Interim Assessor and ERO (Appointed 17 October 2022)	n/a	107,072
<b>Total</b>	<b>129,600</b>	<b>181,411</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 2022	For year to 31 March 2023
<u>Name and Post Title</u>		£	£
G Elliott-Assessor and ERO (Retired 16 October 2022)		28,253	14,105
M Wilkie-Interim Assessor and ERO (Appointed 17 October 2022)		n/a	24,179
			Difference
<u>Accrued Pension Benefits</u>		As at 31 March 2023	from 31 March 2022
<u>Name and Post Title</u>		£'000	£'000
G Elliott-Assessor and ERO (Retired 16 October 2022)	Pension	62	1
	Lump sum	107	0
M Wilkie-Interim Assessor and ERO (Appointed 17 October 2022)	Pension	56	n/a
	Lump sum	93	n/a

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

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

### 7. Remuneration of Convener and Vice Conveners

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

<u>Name and Post Title</u>	Salary, fees and allowances	Taxable Expenses	Total Remun. 2022/23	Total Remun. 2021/22
	£	£	£	£
D Key-Convener (to 4 May 2022)	474	0	474	4,677
T Conn-Convener (from 13 June 2022)	0	0	0	0
A McGuire-Vice Convener (to 4 May 2022)	582	0	582	3,965
A Beal-Vice Convener (from 13 June 2022)	2,938	0	2,938	0
	3,994	0	3,994	8,642

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

<u>In-year pension contributions</u>		For year to 31 March 2022	For year to 31 March 2023 *
<u>Name and Post Title</u>		£	£
D Key-Convener		5,279	4,550
T Conn-Convener		n/a	6,128
A McGuire-Vice Convener		0	6,280 **
A Beal-Vice Convener		n/a	4,679
			Difference
<u>Accrued Pension Benefits</u>		As at 31 March 2023	from 31 March 2022
<u>Name and Post Title</u>			
D Key-Convener	Pension	5	4
	Lump sum	0	0
T Conn-Convener	Pension	9	n/a
	Lump sum	2	n/a
A McGuire-Vice Convener	Pension	0	n/a
	Lump sum	0	n/a
A Beal-Vice Convener	Pension	0	n/a
	Lump sum	0	n/a

\* Calculated using full service cost to 31 March 2023

\*\* Former Vice-Convener (Councillor McGuire) joined the Local Government Pension Scheme on 1 April 2022.

# LOTHIAN VALUATION JOINT BOARD

## REMUNERATION REPORT (Contd.)

### 9. Exit Packages

The following information details the number, and total cost, of exit packages agreed and approved by 31st March 2023, 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	
	2021/22	2022/23	2021/22	2022/23
£0 - £20,000	0	0	£0	£0
£20,001 - £40,000	0	0	0	0
£40,001 - £60,000	0	0	0	0
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
£100,000+	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</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 2022/23, the equivalent of 1.55 FTE (over 4 individuals) of paid facility time was made available, with an associated cost of £17,427. This sum equates to 0.40% 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%.

**Assessor and Electoral Registration Officer:**  
Michael Wilkie

\_\_\_\_\_

**Date:** \_\_\_\_\_

**Convener:**  
Tom Conn

\_\_\_\_\_

**Date:** \_\_\_\_\_

# LOTHIAN VALUATION JOINT BOARD

## INDEPENDENT AUDITOR'S REPORT

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### Independent auditor's report to the members of Lothian Valuation Joint Board and the Accounts Commission

#### Report on the audit of the financial statements

##### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Lothian Valuation Joint Board for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of Lothian Valuation Joint Board as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

##### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of Lothian Valuation Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to Lothian Valuation Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Lothian Valuation Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on Lothian Valuation Joint Board's current or future financial sustainability. However, I report on Lothian Valuation Joint Board's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

##### Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

##### Responsibilities of the Treasurer and Lothian Valuation Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing Lothian Valuation Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue Lothian Valuation Joint Board's operations.

The Treasurer is responsible for overseeing the financial reporting process.

## LOTHIAN VALUATION JOINT BOARD

### INDEPENDENT AUDITOR'S REPORT (Contd.)

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#### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of Lothian Valuation Joint Board;
- inquiring of the Treasurer as to other laws or regulations that may be expected to have a fundamental effect on the operations of Lothian Valuation Joint Board;
- inquiring of the Treasurer concerning Lothian Valuation Joint Board's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Lothian Valuation Joint Board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report..

#### **Report on other requirements**

##### **Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report**

We have audited the part of the Remuneration Report described as audited. In our opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

##### **Other information**

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.



# LOTHIAN VALUATION JOINT BOARD

## INDEPENDENT AUDITOR'S REPORT (Contd.)

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### Opinions prescribed by the Accounts Commission on Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- Adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

### Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

### Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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### Christopher Gardner

Senior Audit Manager, Audit Scotland  
102 West Port  
Edinburgh  
EH3 9DN

**Date:** \_\_\_\_\_

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**10.00am, Monday 18<sup>th</sup> September 2023**

**Period 4 Financial Statement 2023/24**

## **1. Recommendations**

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The Board is recommended to note:

- 1.1 the projected outturn position for 2023/24; and
- 1.2 based on current forecasts, reserves are forecast to be fully utilised during 2024/25. It is anticipated an increase in constituent council requisition will be required from 2024/25.

**Hugh Dunn**

**Treasurer**

Contact: Iain Shaw, Principal Accountant,

Finance and Procurement, Corporate Services Directorate, City of Edinburgh Council

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

## Period 4 Financial Statement 2023/24

### 2. Executive Summary

- 2.1 The forecast is for expenditure on Assessor's services to be £6.551m, with expenditure of £0.216m on Non-Domestic Rates (NDR) Reform.
- 2.2 A reserve drawdown of £0.704m will be required to meet core expenditure. Forecast expenditure on Non-Domestic Rates Reform will enable a contribution of £0.158m to the Board's earmarked balance to meet future NDR Reform costs.

### 3. Background

- 3.1 The Board's Financial Regulations require presentation of quarterly expenditure monitoring statements. The report has been prepared in consultation with the Assessor and ERO.

### 4. Main Report

- 4.1 The table below compares projected expenditure for 2023/24 with the approved budget based on the position at 31<sup>st</sup> July 2023.

	Core Budget and Individual Electoral Registration			Non-Domestic Rates Reform Budget			Total		
	Budget £'000	Forecast £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000
<b>Expenditure</b>									
Employee costs	4,930	5,056	126	376	216	(160)	5,306	5,272	(34)
Premises costs	617	617	0	0	0	0	617	617	0
Transport costs	51	51	0	0	0	0	51	51	0
Supplies & Services	687	687	0	0	0	0	687	687	0
Third Party Payments	162	162	0	0	0	0	162	162	0
Support Services	67	67	0	0	0	0	67	67	0
<b>Gross Expenditure</b>	<b>6,514</b>	<b>6,640</b>	<b>126</b>	<b>376</b>	<b>216</b>	<b>(160)</b>	<b>6,890</b>	<b>6,856</b>	<b>(34)</b>
<b>Income</b>									
Government Grant	(22)	(22)	0	0	0	0	(22)	(22)	0
Sales, Fees & Charges	(44)	(44)	0	0	0	0	(44)	(44)	0
Interest	(23)	(23)	0	0	0	0	(23)	(23)	0
<b>Total income</b>	<b>(89)</b>	<b>(89)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(89)</b>	<b>(89)</b>	<b>0</b>
<b>Expenditure less Income</b>	<b>6,425</b>	<b>6,551</b>	<b>126</b>	<b>376</b>	<b>216</b>	<b>(160)</b>	<b>6,801</b>	<b>6,767</b>	<b>(34)</b>
<b>FUNDING</b>									
Council Requisition	(5,847)	(5,847)	0	(374)	(374)	0	(6,221)	(6,221)	0
Reserve (Drawdown)/Contribution	(578)	(704)	(126)	(2)	158	160	(580)	(546)	34
<b>NET EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 4.2 The forecast is for expenditure of £6.551m on Assessor's services (core expenditure) and expenditure of £0.216m on Non-Domestic Rates Reform. A reserve drawdown of £0.704m will be required to meet core expenditure. Forecast expenditure on Non-Domestic Rates Reform will enable a contribution of £0.158m to the Board's earmarked balance to meet future NDR Reform costs.
- 4.3 At its meeting on 30th January 2023, the Board approved a revenue budget for 2023/24. The report [Revenue Budget 2023/24 and Indicative Financial Plan 2024/25 - 2026/27](#) refers. The approved budget required a drawdown of £0.578m from the Board's Reserve.
- 4.4 The Board approved the recommendations of the report [Continual Improvement Programme](#) at its meeting on 12<sup>th</sup> June 2023. Implementation of the new Organisation structure is forecast to achieve annual savings of £0.288m. The 2023/24 forecast includes Voluntary Early Retirement release costs of £0.446m and salary savings of £0.219m in 2023/24.
- 4.5 The Month Four forecast includes provision of £0.250m for a pay award uplift of 5.5%, reflecting the current COSLA pay award offer to local government employees. The approved budget made provision of £0.142m for a 3% pay award. The current offer results in a budget pressure of £0.108m for the Board.
- 4.6 The Board currently has 9.56 FTE budgeted vacant posts. Recruitment to a number of these posts is anticipated before financial year end, but it is anticipated vacancies will result in savings of £0.380m against the 2023/24 budget. The pay award pressure is forecast to be offset by vacant posts in 2023/24.
- 4.7 Constituent councils have funded £0.374m towards the Board's costs of implementing Non-Domestic Rates Reform (NDR) in 2023/24. This reflects funding included in the Scottish Government Local Government Finance Settlement. As noted at paragraph 4.6, vacant posts are leading to a forecast underspend of £0.160m in NDR Reform costs.
- 4.8 The Board has received funding of £21,725 from the Department of Levelling Up, Housing and Communities for new burdens arising from the Elections Act 2022 Electoral Integrity Programme. A further £67,100 has now been received for the Programme. It is forecast this funding will be fully spent in 2023/24 on costs of voter ID, accessibility, training and contact centre.
- 4.9 In February 2018 the Board approved a formal reserves policy based on holding a general reserve with a minimum value of 3% of annual requisition (£0.180m). Balances held in excess of 3% require to be reviewed annually in-line with risk and identified commitments.
- 4.10 The Board's audited general reserve balance at 1<sup>st</sup> April 2023 is £1.295m, with £0.311m of this earmarked for NDR Reform. Based on the Month Four forecast,

a reserve drawdown of £0.704m will be required to meet core expenditure in 2023/24. This would result in an un-earmarked reserve balance of £0.100m at 31<sup>st</sup> March 2024, after maintaining the Board's minimum level of unallocated reserve of £0.180m.

- 4.11 As noted at paragraph 4.10, the Board holds an earmarked reserve balance of £0.311m for future costs of NDR Reform. Based on the Month Four forecast, £0.158m will be contributed to this balance in 2023/24, resulting in an earmarked NDR Reform reserve balance of £0.469m at 31<sup>st</sup> March 2024. It is anticipated the balance will be applied to meet future NDR Reform costs, including addressing the implications of changes in law in the valuation of non-domestic rates for self-catering properties.
- 4.12 The Board's Indicative Financial Plan 2024 to 2027 has been updated for savings identified through the Continual Improvement Programme and for potential pay uplift of 5.5% in 2023/24. The average full year effect of the 2023/24 pay award offer is 7% from 2024/25. Pending confirmation of the pay award for 2023/24, pay awards for future years continue to be based on an award of 3%.
- 4.13 The Indicative Financial Plan is based on a 'flat-cash' Council requisition for Core services of £5.847m. The Board has maintained a council requisition of £5.847m since 2018/19, with the most recent increase in requisition being in 2009/10.
- 4.14 Based on current and forecast public sector pay awards, it is not anticipated the Board will be able to set a sustainable budget for 2024/25 and beyond, based on a 'flat-cash' settlement. Non-earmarked reserves are forecast to be fully exhausted during 2024/25, with a shortfall of £0.461m forecast.
- 4.15 After a succession of real-terms reductions in council requisitions and a consequent required drawdown from the Board's reserves, the [Revenue Budget 2023/24 and Indicative Financial Plan 2024/25 - 2026/27](#) report considered by the Board on 30 January 2023 pointed to an anticipated need for requisitions to increase from 2024/25.
- 4.16 The Indicative Financial Plan 2024 to 2027 indicates an increase in requisition of up to £0.935m (15%) will be required by 2026/27.
- 4.17 An update on the financial risks is included at Appendix 2.

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

- 5.1 [Revenue Budget 2023/24 and Indicative Financial Plan 2024/25 - 2026/27](#) – report to Lothian Valuation Joint Board, 30th January 2023
- 5.2 [Continual Improvement Programme](#) - report to Lothian Valuation Joint Board, 12<sup>th</sup> June 2023

## **6. Appendices**

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- 6.1 Appendix 1 – Update of Indicative Financial Plan 2024-2027
- 6.2 Appendix 2 – Financial Risk Analysis

## Appendix 1 – Update of Indicative Financial Plan 2024-2027

	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000
Core/ Individual Electoral Registration	6,551	6,392	6,567	6,735
Non-Domestic Rates Reform	216	390	405	421
<b>Total</b>	<b>6,767</b>	<b>6,782</b>	<b>6,972</b>	<b>7,156</b>
Total Requisition	(6,221)	(6,221)	(6,221)	(6,221)
<b>Operating shortfall/(surplus)</b>	<b>546</b>	<b>561</b>	<b>751</b>	<b>935</b>
<b>Use of Reserves</b>				
General Reserve drawdown - Core	(704)	(100)	0	0
General Reserve contribution – NDR Reform	158			
<b>Shortfall</b>	<b>0</b>	<b>461</b>	<b>751</b>	<b>935</b>
<b>Reserve Balances</b>				
Unallocated Reserve	(984)	(100)	0	0
General Reserve Drawdown- Core	704	100	0	0
Approved Reserve Balance (3%)	(180)	(180)	(180)	(180)
<b>Unallocated General Reserve - closing</b>	<b>(100)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NDR Reform</b>				
Balance – 1 <sup>st</sup> April 2023	(311)			
Forecast contribution – NDR Reform	(158)			
<b>Total Earmarked Reserve – NDR Reform</b>	<b>(469)</b>			



## Appendix 2 – 2023/24 Financial Risk Analysis

<b>Risk</b>	<b>Detail</b>	<b>Mitigation</b>
Pay Award	The 2023/24 revenue budget makes provision for a pay award of 3%. Each additional 1% is estimated to cost £47,000.	The financial impact of a 5.5% pay award is included in Month Four forecast.
Office Energy costs	Energy budgets are based on full office occupancy and include an uplift for anticipated price increases. Given the current volatility in energy costs, there is a risk of additional cost.	Ongoing tracking of cost throughout 2023/24. Liaison with City of Edinburgh Council Energy and Sustainability Team.
Funding for additional costs of Non-Domestic Rates Reform	The estimate provided to the Scottish Government for additional cost for the Board is £0.374m for 2023/24. Failure to receive Scottish Government funding will impact on delivery of the required changes.	Fully mitigated - constituent councils have paid the funding of £0.374m, which was included in the Local Government Settlement 2023/24 to the Board.
Elections/Referendums – budget risk £0.050m	The possibility of either elections or referendums being called within short timetables, or dual electoral events occurring within a year is a financial risk in terms of staff overtime or the use of short-term temporary staff to meet the demand placed on the electoral registration process.	Ongoing tracking of cost throughout 2023/24.
Transformation Change costs	The cost of the Transformation Programme exceeds estimates.	Ongoing tracking and review of cost estimates.
Economic Changes	An increase in the number of rateable value appeals would have a significant impact on staff resources to achieve disposal by the statutory date of 31 December 2023.	Legislative changes being progressed by the Scottish Government may mitigate this risk.
Council Tax Reform	Any major legislative change to Council Tax that impacts on the Board is unlikely to be managed within current budgetary provision.	Ongoing liaison with Scottish Assessor's Association and Scottish Government.

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