



Tuesday, 01 September 2020

Dear Councillor

## **Lanarkshire Valuation Joint Board**

The Members listed below are requested to attend a meeting of the above Board to be held as follows:-

**Date:** Monday, 07 September 2020  
**Time:** 14:00  
**Venue:** By Microsoft Teams and Committee Room 1,

The business to be considered at the meeting is listed overleaf.

Yours sincerely

**Cleland Sneddon**  
**Clerk to the Board**

### **Members**

Alex McVey (Convener), Lynsey Hamilton (Depute Convener), Lynne Anderson, Bob Burgess, Tom Castles, Jim Reddin, William Shields, Caroline Stephen, Annette Valentine, Walter Brogan, Poppy Corbett, Peter Craig, Isobel Dorman, Geri Gray, Ann Le Blond, Jim Wardhaugh

### **Substitutes**

Meghan Gallacher, Mary Gourlay, Nicky Shevlin, Ann Weir, Margaret Cowie, Mary Donnelly, Joe Lowe, Jim McGuigan, Lynne Nailon, Richard Nelson, Graham Scott, Josh Wilson

## BUSINESS

### 1 Declaration of Interests

- 2 Minutes of Previous Meeting** 5 - 10  
Minutes of the meeting of the Lanarkshire Valuation Joint Board held on 1 June 2020 submitted for approval as a correct record. (Copy attached)

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#### Monitoring Item(s)

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- 3 Revenue Budget Monitoring 2020/2021 - Lanarkshire Valuation Joint Board** 11 - 14  
Report dated 17 August 2020 by the Treasurer to Lanarkshire Valuation Joint Board. (Copy attached)
- 4 External Auditor's Annual Audit Report to the Board** 15 - 40  
Letter and Annual Report by Audit Scotland, External Auditor. (Copy attached)

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#### Item(s) for Decision

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- 5 Audited Accounts 2019/2020 and External Auditors' Report to the Board** 41 - 86  
Report dated 20 August 2020 by the Treasurer to Lanarkshire Valuation Joint Board. (Copy attached)
- 6 Lanarkshire Valuation Joint Board Office Relocation** 87 - 92  
Report dated 20 August 2020 by the Assessor and Electoral Registration Officer. (Copy attached)
- 7 Timetable of Future Meetings 2021/2022** 93 - 94  
Report dated 18 August 2020 by the Clerk to Lanarkshire Valuation Joint Board. (Copy attached)

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#### Item(s) for Noting

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- 8 Progress Update** 95 - 110  
Report dated 31 August 2020 by the Assessor and Electoral Registration Officer. (Copy attached)

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#### Urgent Business

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- 9 Urgent Business**  
Any other items of business which the Chair decides are urgent.

#### ***For further information, please contact:-***

Clerk Name: Pauline MacRae

Clerk Telephone: 01698454108

Clerk Email: [pauline.macrae@southlanarkshire.gov.uk](mailto:pauline.macrae@southlanarkshire.gov.uk)



# LANARKSHIRE VALUATION JOINT BOARD

2

Minutes of meeting held via Microsoft Teams on 1 June 2020

**Convener:**

Councillor Alex McVey, North Lanarkshire Council

**Councillors Present:**

**North Lanarkshire Council**

Councillor Tom Castles

**South Lanarkshire Council**

Councillor Walter Brogan, Councillor Poppy Corbett, Councillor Peter Craig, Councillor Isobel Dorman, Councillor Lynsey Hamilton (Depute), Councillor Ann Le Blond, Councillor Jim Wardhaugh

**Councillors' Apologies:**

**North Lanarkshire Council**

Councillor Lynne Anderson, Councillor Bob Burgess, Councillor Jim Reddin, Councillor William Shields, Councillor Caroline Stephen, Councillor Annette Valentine

**South Lanarkshire Council**

Councillor Geri Gray

**Attending:**

**Assessor and Electoral Registration Service**

G Bennett, Assessor and Electoral Registration Officer; J Neason, Assistant Assessor and Electoral Registration Officer

**Clerk's Office**

C Sneddon, Clerk; P MacRae, Administration Officer, South Lanarkshire Council

**Treasurer's Office**

P Manning, Treasurer; Y Douglas, Audit and Compliance Manager, L O'Hagan, Finance Manager (Strategy), South Lanarkshire Council

**Also Attending:**

**Audit Scotland**

B Gillespie, Lead Auditor

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## 1 Declaration of Interests

No interests were declared.

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## 2 Minutes of Previous Meeting

The minutes of the meeting of the Board held on 2 March 2020 were submitted for approval as a correct record.

**The Board decided:** that the minutes be approved as a correct record.

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## 3 Revenue Budget Monitoring 2020/2021 - Lanarkshire Valuation Joint Board

A report dated 5 May 2020 by the Treasurer was submitted comparing the Board's actual expenditure at 24 April 2020 against the budgeted expenditure for 2020/2021 and providing a forecast for the year to 31 March 2021.

As at 24 April 2020, there was an underspend on the Board's revenue budget of £0.042 million. The financial forecast to 31 March 2021 was a breakeven position.

The Scottish Government had granted funding totalling £0.594 million for 2020/2021 to address and identify costs to the Board arising from the Barclay Review. The sums from North and South Lanarkshire Councils, each amounting to £0.297 million, had been transferred to the Board through additional requisition payments. The annual budget for Employee Costs and Requisition Payments had been revised in respect of this, as detailed in Appendix A to the report.

**The Board decided:**

- (1) that the underspend on the Board's revenue budget of £0.042 million at 24 April 2020, as detailed in Appendix A to the report, be noted; and
- (2) that the forecast to 31 March 2020 of a breakeven position be noted.

*[Reference: Minutes of 2 March 2020 (Paragraph 3)]*

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#### **4 Internal Audit Annual Assurance Report 2019/2020**

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A report dated 13 May 2020 by the Executive Director (Finance and Corporate Resources) was submitted:-

- ◆ detailing progress on, and performance of, Internal Audit services to Lanarkshire Valuation Joint Board in 2019/2020
- ◆ providing an independent audit opinion on the adequacy and effectiveness of the Board's framework of governance, risk management and control arrangements for the year ended 31 March 2020

The Internal Audit Annual Report in relation to the Lanarkshire Valuation Joint Board covered:-

- ◆ workload and performance
- ◆ basis of the audit opinion
- ◆ delivery of audit actions
- ◆ audit findings
- ◆ the opinion of Internal Audit on the adequacy and effectiveness of the Board's internal control systems

The opinion of Internal Audit for the year 2019/2020 was that a reasonable level of assurance could be placed on the adequacy and effectiveness of the Board's internal control systems and governance arrangements.

Officers responded to members' questions on:-

- ◆ outstanding Revaluation Appeals as a result of the Government's public health advice in relation to the Coronavirus pandemic
- ◆ data protection controls in respect of homeworking practices during the Coronavirus pandemic

**The Board decided:**

- (1) that the Internal Audit Annual Report for 2019/2020 for the Lanarkshire Valuation Joint Board be noted; and

- (2) that the opinion of Internal Audit be considered in the preparation of the 2019/2020 Statement of Governance for the Lanarkshire Valuation Joint Board.

*[Reference: Minutes of 3 June 2019 (Paragraph 4)]*

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## **5 Annual Governance Statement – Lanarkshire Valuation Joint Board**

A report dated 14 May 2020 by the Treasurer was submitted on the Annual Governance Statement for 2019/2020 which would be included in the Lanarkshire Valuation Joint Board's 2019/2020 Annual Accounts.

The Board's Annual Governance Statement 2019/2020, which was attached as an appendix to the report, provided details of the systems for internal control which were in place to ensure a robust governance structure. For 2019/2020, the Treasurer's opinion was that the systems for internal control were effective. Those would continue to be reviewed and improved, as appropriate, in 2020/2021.

In response to a member's question on measures to ensure that the Electoral Register was maintained, given the restrictions in place as a result of the Coronavirus pandemic, officers advised that the restriction on door to door canvassing would not compromise the maintenance of the register as other options were available to ensure that it was kept up to date.

**The Board decided:** that the Annual Governance Statement, attached as an appendix to the report, be approved for inclusion in the Lanarkshire Valuation Joint Board's 2019/2020 Annual Accounts.

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## **6 2019/2020 Annual Report and Accounts - Lanarkshire Valuation Joint Board**

A report dated 5 May 2020 by the Treasurer was submitted on the Board's Annual Report and Accounts for the financial year ending 31 March 2020.

At its meeting on 2 March 2020, the Board had been advised of a probable outturn transfer to reserves of £0.465 million. Appendix 1 to the report detailed the actual position for the Board for the year ended 31 March 2020 which showed a transfer to reserves of £0.523 million. The unaudited Annual Report and Accounts, attached as Appendix 2 to the report, detailed the Revenue Accounts and Balance Sheet position as at 31 March 2020 which showed a net credit position of £0.062 million. After implementing statutory accounting practice, the net position on the Board's General Fund Balance was a surplus of £0.523 million, as shown in Appendix 1. This sum, when added to the General Reserve of £0.424 million carried forward from 2018/2019, gave the Board a closing General Reserve position of £0.947 million at 31 March 2020.

**The Board decided:** that the unaudited Annual Report and Accounts for the Board for the year ended 31 March 2020, attached as an appendix to the report, be approved for submission to the external auditors, Audit Scotland.

*[Reference: Minutes of 3 June 2019 (Paragraph 6) and 2 March 2020 (Paragraph 3)]*

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## **7 Lanarkshire Valuation Joint Board Annual Audit Plan 2019/2020**

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The Board considered the Lanarkshire Valuation Joint Board Audit Plan for 2019/2020, dated February 2020, submitted by the Council's External Auditors, Audit Scotland. The Plan set out the audit work necessary to allow Audit Scotland to provide an independent auditor's report and meet the wider scope requirements of public sector audit.

The Plan was structured around the following areas:-

- ◆ risks and planned work
- ◆ audit scope and timing

Details were given on key aspects of those areas. The Annual Accounts timetable would be subject to review as a result of the Government's public health advice in relation to the Coronavirus pandemic.

**The Board decided:** that the report be noted.

*[Reference: Minutes of 4 March 2018 (Paragraph 8)]*

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## **8 Lanarkshire Valuation Joint Board Efficiency Gains 2019/2020**

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A report dated 14 May 2020 by the Assistant Assessor and Electoral Registration Officer was submitted on the Board's efficiency gains for the financial year 2019/2020.

The report outlined Lanarkshire Valuation Joint Board's efficiency measures implemented in 2019/2020 and detailed both cashable and non-cashable efficiency gains totalling £540,803.

Details of the efficiency gains for 2019/2020 were provided in the appendix to the report.

**The Board decided:** that the report be noted.

*[Reference: Minutes of 3 June 2019 (Paragraph 9)]*

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## **9 Equality Reporting: Employee Information Annual Report April 2020**

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A report dated 14 May 2020 by the Assessor and Electoral Registration Officer was submitted on the Board's Employee Information Annual Report in respect of equality reporting for the period 1 April 2019 to 31 March 2020. The Employee Information Annual Report, attached as an appendix to the report, provided information on the composition, recruitment, development and retention of employees in respect of the following characteristics:-

- |                                  |                           |
|----------------------------------|---------------------------|
| ◆ age                            | ◆ pregnancy and maternity |
| ◆ disability                     | ◆ race                    |
| ◆ gender and gender reassignment | ◆ religion and belief     |
| ◆ marriage and civil partnership | ◆ sexual orientation      |

**The Board decided:** that the report be noted.

*[Reference: Minutes of 3 June 2019 (Paragraph 7)]*



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## **10 Lanarkshire Valuation Joint Board Public Performance Report 2019/2020**

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A report dated 14 May 2020 by the Assessor and Electoral Registration Officer was submitted on the Board's Public Performance Report for the financial year 2019/2020. The Public Performance Report, attached as an appendix to the report, outlined the Board's performance in its core service delivery areas during 2019/2020.

**The Board decided:** that the report be noted.

*[Reference: Minutes of 3 June 2019 (Paragraph 8)]*

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## **11 Lanarkshire Valuation Joint Board - Service Plan 1 April 2019 to 31 March 2022 Update**

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A report dated 14 May 2020 by the Assistant Assessor and Electoral Registration Officer was submitted providing an update on the Lanarkshire Valuation Joint Board Service Plan for the period 1 April 2019 to 31 March 2022.

The current Service Plan, approved by the Board on 4 March 2019, set out the Board's key business areas over the period 1 April 2019 to 31 March 2022. The Plan, which was attached as an appendix to the report, assisted in ensuring that services were delivered as effectively and efficiently as possible to service users.

Details of the Board's key challenges over the period of the Plan were outlined in the report.

Update reports on the progress of the Plan would be submitted to future meetings of the Board.

**The Board decided:** that the report be noted.

*[Reference: Minutes of 4 March 2019 (Paragraph 5)]*

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## **12 Monitoring of Complaints - 1 April 2019 to 31 March 2020**

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A report dated 14 May 2020 by the Assessor and Electoral Registration Officer was submitted on complaints received by the Lanarkshire Valuation Joint Board in the period 1 April 2019 to 31 March 2020.

A total of 16 complaints had been received in the period 1 April 2019 to 31 March 2020. Of those, 3 related to council tax, 2 related to non-domestic rating and 11 related to electoral registration. 3 complaints had been classified as upheld, 9 had not been upheld and 4 had been partially upheld.

1 complaint, relating to a council tax issue, had proceeded to the Scottish Public Services Ombudsman (SPSO) during the year 2019/2020. Following a review of the complaint, the SPSO decided not to take the complaint forward.

**The Board decided:** that the report be noted.

*[Reference: Minutes of 3 June 2019 (Paragraph 10)]*

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### 13 Progress Update

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A report dated 14 May 2020 by the Assessor and Electoral Registration Officer was submitted on:-

- ◆ an overview of the Service
- ◆ current issues and Service priorities, including the response to the Coronavirus pandemic
- ◆ an update on performance
- ◆ issues affecting the future direction of the Joint Board
- ◆ complaints received and dealt with since the last quarterly report

Statistical information, illustrating progress made in terms of key areas of the work undertaken by Lanarkshire Valuation Joint Board, was provided in the appendices to the report.

**The Board decided:** that the report be noted.

*[Reference: Minutes of 2 May 2020 (Paragraph 5)]*

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### 14 Urgent Business

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There were no items of urgent business.

# Report

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Report to:	<b>Lanarkshire Valuation Joint Board</b>
Date of Meeting:	<b>7 September 2020</b>
Report by:	<b>Treasurer to Lanarkshire Valuation Joint Board</b>

Subject:	<b>Revenue Budget Monitoring 2020/2021 - Lanarkshire Valuation Joint Board</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide information on the actual expenditure measured against the revenue budget for the period 1 April 2020 to 17 July 2020
- ◆ provide a forecast for the year to 31 March 2021

## 2. Recommendation(s)

2.1. The Board is asked to approve the following recommendation(s):-

- (1) that an underspend of £0.192 million on Lanarkshire Valuation Joint Board's revenue budget, as detailed in Appendix A of the report, be noted; and
- (2) that it be noted that the forecast to 31 March 2021 will continue to be monitored, with the expected outturn position updated at the next meeting.

## 3. Background

3.1. This is the second revenue budget monitoring report presented to the Lanarkshire Valuation Joint Board for the financial year 2020/2021.

3.2. The report details the financial position for Lanarkshire Valuation Joint Board on Appendix A.

## 4. Employee Implications

4.1. None

## 5. Financial Implications

5.1. **Canvass Reform:** The Canvass Reform in 2020 has resulted in the number of households to be canvassed being reduced significantly. This will result in a reduction to costs incurred by the Board and a reduction in the funding received from the Cabinet Office. The cost savings will be evident in Temporary Canvassers (£0.160m) and Administration costs (£0.131m) and will be offset by reduced income (£0.291m). Budget virements are shown in Appendix 1 to reflect these changes.

5.2. **Barclay Funding:** The allocation in 2020/2021 (£0.594m) is incorporated within Employee Costs shown in Appendix A. Currently, an underspend is likely in respect of these additional Barclay funds in 2020/2021, as a result of disruption to recruitment due to the current pandemic. This will be monitored as part of the ongoing Revenue Monitoring to the Board.

- 5.3. **Electoral Registration:** The Scottish Government is providing funding for the extension of the franchise for electoral registration for foreign nationals. IT systems require to be updated. Additional costs incurred to date (£0.009m) and future expenditure anticipated (£0.009m) are offset by increased income (£0.018m).
- 5.4. **Period 4 Monitoring Position:** As at 17 July 2020, the variance from phased budget is an underspend of £0.192 million.
- 5.5. In the main, the underspend is a result of the timescale for recruitment reflecting the impact of the current pandemic.
- 5.6. There are costs incurred in relation to the costs of Covid19. These include the procurement of laptop computers as part of an office wide computer lease refresh and the procurement of personal protective equipment for employees when they are working in the office.
- 5.7. **Forecast Position:** The financial forecast to 31 March 2021 will continue to be monitored, with the expected outturn position updated to the next meeting of the Board.
- 6. Climate Change, Sustainability and Environmental Implications**
- 6.1. There are no climate change, sustainability or environmental implications in terms of the information contained in this report.
- 7. Other Implications**
- 7.1. The main risk associated with the Board's Revenue Budget is that there is an overspend. The risk has been assessed as low given the detailed budget management applied. The risk is managed through four weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the probable outturn exercise ensures early warning for corrective action to be taken where appropriate.
- 8. Equality Impact Assessment and Consultation Arrangements**
- 8.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.
- 8.2. There is also no requirement to undertake any consultation in terms of the information contained in the report.

**Paul Manning**  
**Treasurer**

17 August 2020

#### **Previous References**

- ◆ Revenue Budget Monitoring 2020/2021 - Lanarkshire Valuation Joint Board - 1 June 2020

#### **List of Background Papers**

- ◆ Revenue Budget 2020/2021 – Lanarkshire Valuation Joint Board – 2 December 2019

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

Lorraine O'Hagan, Finance Manager (Strategy)

Ext: 2601 (Tel: 01698 452601)

E-mail: [lorraine.o'hagan@southlanarkshire.gov.uk](mailto:lorraine.o'hagan@southlanarkshire.gov.uk)

## LANARKSHIRE VALUATION JOINT BOARD

## Revenue Budget Monitoring Report

Period Ended 17 July 2020 (No.4)

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 17/07/20	Actual 17/07/20	Variance 17/07/20		% Variance 17/07/20	Note
	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>									
Employee Costs	3,446	3,446	0	938	741	197	under	21.0%	1, a
Property Costs	5	5	0	4	4	0	-	n/a	
Supplies & Services	99	99	0	50	77	(27)	over	(54.0%)	2, b
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	533	533	0	59	50	9	under	15.3%	a
Payments to Other Bodies	22	22	0	2	2	0	-	0.0%	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	14	14	0	6	6	0	-	0.0%	
<b>Total Controllable Exp.</b>	4,119	4,119	0	1,059	880	179	under	16.9%	
<b>Total Controllable Inc.</b>	(46)	(46)	0	(26)	(39)	13	over recovered	(50.0%)	2,a,b
<b>Net Controllable Exp.</b>	4,073	4,073	0	1,033	841	192	under	18.6%	
<b>Add Non Controllable Budgets</b>									
Central Support Costs	492	492	0	324	324	0	-	0.0%	
<b>Total Budget</b>	4,565	4,565	0	1,357	1,165	192	under	14.1%	
<b>Funded By:</b>									
North Lanarkshire Council	(2,195)	(2,195)	0	(732)	(732)	0	-	0.0%	
South Lanarkshire Council	(2,195)	(2,195)	0	(732)	(732)	0	-	0.0%	
Transfer (From) Reserves	(175)	(175)	0	0	0	0	-	n/a	
<b>Net Budget</b>	0	0	0	(107)	(299)	192	under	(179.4%)	

**Variance Explanations**

- Employee Costs:** The underspend mainly reflects recruitment timescales as a result of the pandemic.
- Supplies and Services:** The overspend relates to the costs of computer equipment and personal protective equipment in relation to the pandemic.

**Virement**

- Individual Electoral Reform Spend/Funding (£nil):** Decrease the Employee Costs budget for Temporary Canvassers by £0.160m and Administration Costs by £0.131m. This is offset by a decrease in Cabinet Office Funding £0.291m (Section 5.1).
- Electoral Registration Spend/Funding (£nil):** Increase Supplies and Services budget by £0.018m which is offset by an increase in funding received £0.018m (Section 5.3).

**Lanarkshire Valuation Joint Board  
Audit of Annual Accounts 2019/20**

**7 September 2020**

**Independent auditor's report**

1. Our work on the 2019/20 annual accounts is now substantially complete. Subject to the receipt of revised annual accounts for final review, we anticipate being able to issue an unqualified and unmodified independent auditor's report following approval of the annual accounts by the Joint Board on 7th September. The proposed independent auditor's report is attached at **appendix A**.

**Annual Audit Report**

2. We also present for your consideration our proposed Annual Audit Report on the 2019/20 audit. International Standard on Auditing (ISA) 260 (Communication with those charged with governance) requires auditors to report specific matters arising from the audit of the annual accounts to those charged with governance, in sufficient time to enable appropriate action.
3. The Annual Audit Report will be issued in its final form after the Annual Accounts have been approved for issue and the Independent Auditor's Report has been signed.
4. In presenting this report to the Joint Board we also seek confirmation that we have been informed of:
  - any instances of actual, suspected or alleged fraud.
  - any events that have occurred since 31 March 2020 which could have a significant impact on the annual accounts.
  - any instances of non-compliance with legislation.

**Unadjusted misstatements**

5. There are no unadjusted misstatements.

**Representations from management**

6. International Standard on Auditing 580 (Management representations) requires auditors to obtain representations on certain matters from management. Accordingly, as part of the audit completion process, we seek written assurances from the Treasurer, as the "proper officer" appointed by virtue of section 95 of the Local Government (Scotland) Act 1973, on aspects of the Annual Accounts.
7. A draft letter of representation is attached at **appendix B**; this should be reviewed for accuracy and any proposed amendments discussed with us. Once satisfied, the letter should be signed and returned by the Treasurer along with the signed Annual Accounts.

## **Concluding remarks**

8. I take this opportunity to record my thanks for the patient and courteous assistance extended to the audit team. Staff of South Lanarkshire Council finance department and the Joint Board provided good support to the audit team which helped to ensure that the audit process ran smoothly.

Dave Richardson  
Senior Audit Manager  
Audit Scotland  
4th Floor, The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow, G2 1BT



# APPENDIX A: Proposed Independent Auditor's Report

## Independent auditor's report to the members of Lanarkshire 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 Lanarkshire Valuation Joint Board for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view, in accordance with applicable law and the 2019/20 Code, of the state of affairs of Lanarkshire Valuation Joint Board as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 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 under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is four years. I am independent of the Lanarkshire 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 the Lanarkshire 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 nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Lanarkshire Valuation Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Risks of material misstatement**

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

## **Responsibilities of the Treasurer and Lanarkshire 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 the Lanarkshire Valuation Joint Board's ability to continue as a going concern, disclosing, as appropriate, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Lanarkshire Valuation Joint Board is responsible for overseeing the financial reporting process.

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

My objectives are to achieve 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 economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting 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. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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

## **Other information in the annual accounts**

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. 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 matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

## Report on other requirements

### Opinions on matters prescribed by the Accounts Commission

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

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; or

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 120 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.

**Dave Richardson FCCA**  
**Senior Audit Manager**  
**Audit Scotland**  
**4th Floor, The Athenaeum Building**  
**8 Nelson Mandela Place,**  
**Glasgow, G2 1BT**

**7 September 2020**

## APPENDIX B: Letter of representation

Dave Richardson  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
Nelson Mandela Place  
Glasgow  
G2 1BT

Dear Dave

### **Lanarkshire Valuation Joint Board Annual Accounts 2019/2020**

1. This representation letter is provided in connection with your audit of the Annual Accounts of Lanarkshire Valuation Joint Board for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the Remuneration Report, Management Commentary and Annual Governance Statement.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Joint Board, the following representations given to you in connection with your audit of Lanarkshire Valuation Joint Board for the year ended 31 March 2020.

### **Financial reporting framework**

3. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (2019/20 accounting code) the requirements of relevant legislation.
4. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the state of affairs of the Lanarkshire Valuation Joint Board for the year ended 31 March 2020.

### **Legality of financial transactions**

5. The financial transactions of Lanarkshire Valuation Joint Board are in accordance with the relevant legislation and regulations governing its activities. I am unaware of any actual or possible non-compliance with laws and regulations.

### **Accounting policies and estimates**

6. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The appropriateness of these policies has been reviewed, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
7. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

## **Going concern**

8. I have assessed Lanarkshire Valuation Joint Board's ability to carry on as a going concern and concluded that it is appropriate to prepare the financial statements on a going concern basis.

## **Assets**

9. The Joint Board does not own any assets, other than assets with a value of less than the de minimus value. The de minimus value is £6,000.

## **Liabilities**

10. All liabilities have been provided for in the balance sheet, including the liabilities for all purchases to which title has passed prior to 31 March 2020.

## **Carrying value of assets and liabilities**

11. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20. There are no plans or intentions that are likely to affect the carrying value or classification of the assets and liabilities in the financial statements.

## **Provisions and contingent liabilities**

12. I have considered the need for provisions and/or contingent liabilities in the financial statements and concluded that, other than the contingent liability disclosed at note 9, there are no material liabilities which have resulted or may be expected to result, by legal action or otherwise, from events which had occurred by 31 March 2020 and of which Joint Board could reasonably be expected to be aware.

## **Accruals**

13. I have assessed the method of calculating accruals and consider it appropriate and confirm that a firm obligation to make the expenditure exists.

## **Remuneration Report**

14. The remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2011 and Scottish Government finance circular 8/2011 and includes all specified remuneration for relevant officers and elected members. No exit packages were granted to any staff member during the year to 31 March 2020.

## **Corporate governance**

15. I acknowledge, as the officer with responsibility for the proper administration of the Joint Board's financial affairs, my responsibility for the systems of internal control. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
16. The corporate governance arrangements have been reviewed and the disclosures have been made in the Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2020, which require disclosure.

## **Related party transactions**

17. All transactions with related parties have been disclosed at note 13 to the financial statements.

## **General**

18. I acknowledge my responsibility and that of Lanarkshire Valuation Joint Board for the annual accounts. All of the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the Joint Board have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
19. The information given in the narrative reports supporting the financial statements, including the Management Commentary, Annual Governance Statement and Remuneration Report, presents a balanced picture of Lanarkshire Valuation Joint Board and is consistent with the financial statements.
20. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I confirm that there are no allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.
21. I am unaware of any uncorrected misstatements.

## **Events subsequent to the date of the Balance Sheet**

22. There have been no material events since the date of the balance sheet which would require the revision of the figures in the financial statements or notes thereto.
23. Since the date of the balance sheet no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should be brought to your notice.

Yours sincerely

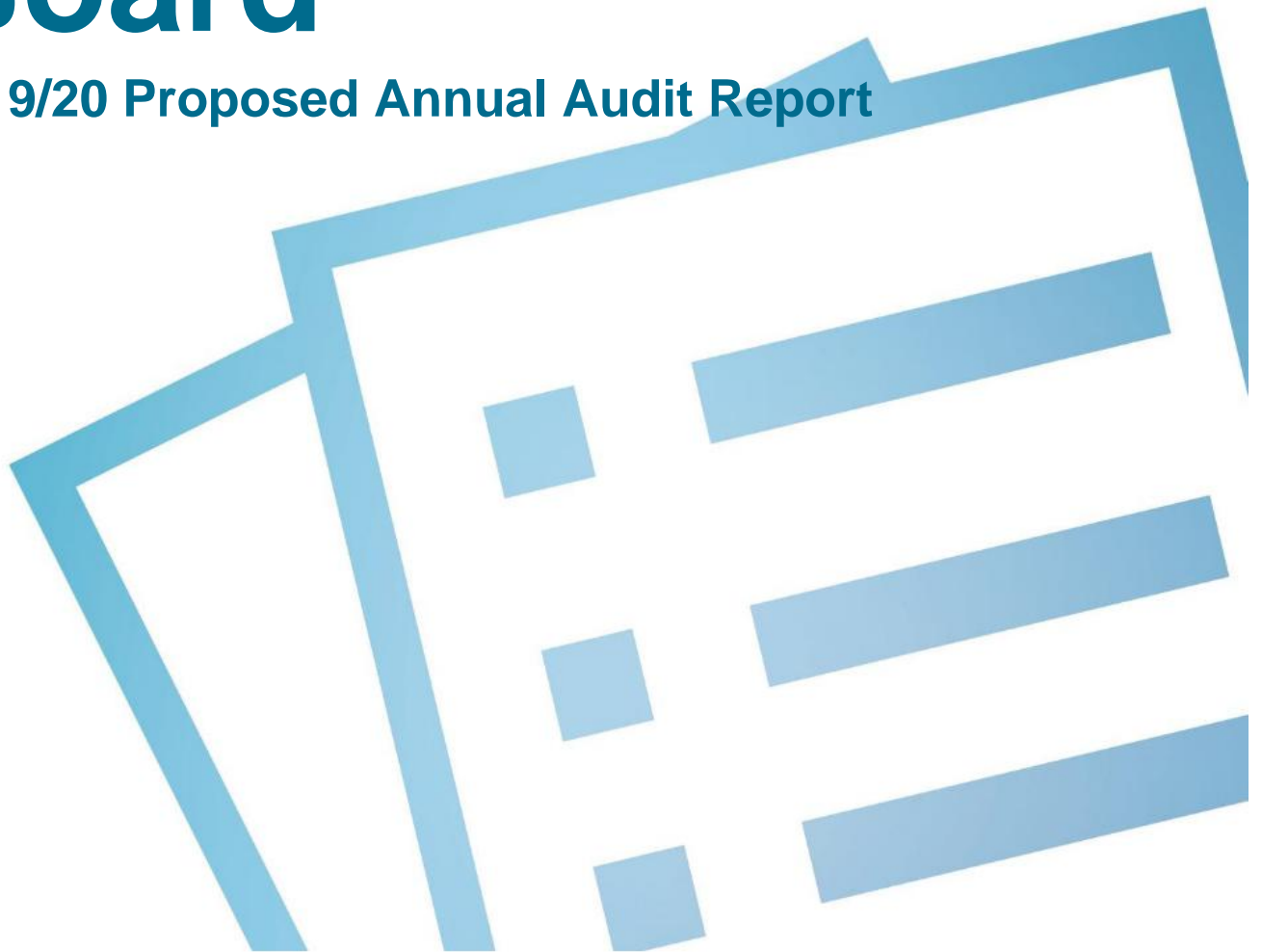
**Paul Manning**

**Treasurer to the Lanarkshire Valuation Joint Board**

# Lanarkshire Valuation Joint Board

4

2019/20 Proposed Annual Audit Report



 AUDIT SCOTLAND

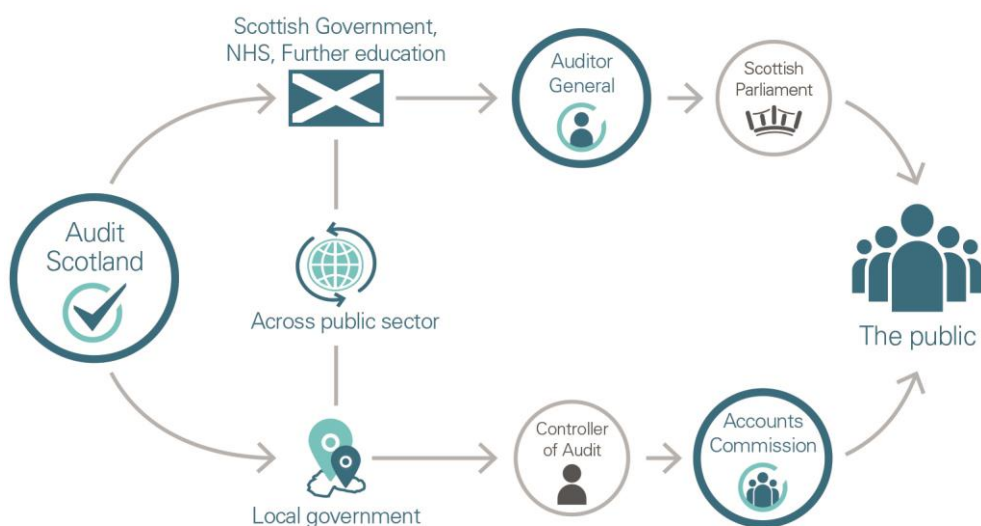
Prepared for the Lanarkshire Valuation Joint Board and Controller of Audit  
September 2020



## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent Crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.



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# Key messages

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## 2019/20 Annual Accounts

- 1** The financial statements of Lanarkshire Valuation Joint Board give a true and fair view and were properly prepared in accordance with relevant legislation and the Code of Practice on Local Authority Accounting in the UK.
- 2** An unqualified independent auditor's report has been issued for the 2019/20 Annual Accounts.

## Financial sustainability, governance and performance

- 3** The Joint Board's financial position is sustainable in the foreseeable future. At over 20% of annual expenditure members should consider whether the level of reserve is appropriate to the Joint Board.
- 4** The Joint Board's governance arrangements are satisfactory and adequately disclosed and concluded upon in the Annual Governance Statement.
- 5** The Joint Board is sustaining a high level of service performance.

# Introduction

1. The scope of our audit was set out in our Annual Audit Plan presented to the June meeting of the Joint Board.
2. This report sets out the findings from:
  - the audit of the Annual Accounts
  - consideration of the Joint Board's financial sustainability, governance arrangements and performance.
3. Subsequent to the preparation of the Annual Audit Plan, the Joint Board has had to respond to the Covid-19 disruption. This impacted on the final month of the financial year and will continue to have significant impact into 2020/21. Our planned audit work has had to adapt to new and emerging risks as they relate to the audit of the financial statements and our wider dimension audit work.

## Responsibilities and reporting

4. The management of the Joint Board is responsible for, inter alia:
  - preparing financial statements which give a true and fair view
  - putting in place proper arrangements for the conduct of its affairs
  - ensuring that the financial position is soundly based.
5. Our responsibilities, as independent auditor appointed by the Accounts Commission, are established by the Local Government (Scotland) Act 1973, the Code of Audit Practice (2016) and International Standards on Auditing.
6. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).
7. At the conclusion of our audit, we provide an Independent Auditor's Report for inclusion in the Annual Accounts. The Independent Auditor's Report sets out our opinions on:
  - whether the financial statements give a true and fair view of the state of the affairs of the Joint Board and of its income and expenditure for the year.
  - whether the Annual Accounts have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the UK.
  - whether the Annual Accounts have been prepared in accordance with relevant legislation.
  - other matters as directed by the Accounts Commission.
8. An audit of annual accounts is not designed to identify all matters that may be relevant to those charged with governance. We have included in this Annual Audit Report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a

comprehensive record of all deficiencies that may exist or improvements that could be made. It is the auditor's responsibility to express an opinion on the annual accounts prepared by management. This does not relieve management of the responsibility for the preparation of the annual accounts.

## Best Value

**9.** Best Value is about ensuring that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes for citizens. As we have applied the Code of Audit Practice small body provisions to the audit of the Joint Board our wider scope responsibilities do not fully apply. Our Best Value work is limited to our audit work on financial sustainability and governance arrangements. In addition, we have reviewed and commented on the Joint Board's performance outcomes.

## Adding value through the audit

**10.** As well as delivering the statutory audit of the Annual Accounts, our aim is to add value to the Joint Board by increasing insight into, and offering foresight on financial sustainability, governance and performance and by identifying areas of improvement and recommending / encouraging good practice. In so doing, we aim to help the Joint Board promote improved standards of governance, better management and decision making and the more effective use of resources.

## Auditor Independence

**11.** We comply with the Financial Reporting Council's Ethical Standard. We have not undertaken any non-audit services; the audit fee of £7,450, set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

## Publication

**12.** This report is addressed to both the members of the 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.

## Acknowledgement

**13.** The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

# Part 1

## Audit of 2019/20 Annual Accounts



### Main judgements

**The financial statements give a true and fair view and were properly prepared in accordance with relevant legislation and the Code of Practice on Local Authority Accounting in the UK.**

**An unqualified independent auditor's report has been issued for the 2019/20 Annual Accounts.**

The preparation of annual accounts is the principal means by which the Joint Board demonstrates its stewardship of resources and its performance in the use of those resources.

### Audit opinions on the Annual Accounts

**14.** The Annual Accounts for the year ended 31 March 2020 were approved by the board on 7 September 2020. We reported in the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared in accordance with relevant legislation and the Code of Practice on Local Authority Accounting in the UK.
- the Management Commentary, Annual Governance Statement and Remuneration Report were all consistent with the financial statements and properly prepared in accordance with relevant legislation.

**15.** We also concluded that there were no matters upon which we are required to report to the Accounts Commission by exception.

### Submission of Annual Accounts for audit

**16.** Despite the disruption caused by Covid-19, the Joint Board did not elect to postpone the preparation of its Annual Accounts. The unaudited Annual Accounts were submitted to us on 30 June 2020 in line with the original agreed timetable.

**17.** The working papers provided to support the accounts were of a good standard and the audit team received support from finance staff which helped ensure the final accounts audit process ran smoothly. The Independent Auditor's Report was issued and signed off, on 7 September, in line with the original timetable.

### Risk of material misstatement

**18.** The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which could impact on the financial statements. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance. [Appendix 1](#) sets out the significant audit risks identified and how we addressed each risk in arriving at our opinion on the financial statements.

## Materiality

**19.** Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the perceptions and decisions of users of the financial statements. The assessment of what is material is a matter of professional judgement. A misstatement or omission, which would not normally be regarded as material by value, may be important for other reasons (for example, an item contrary to law). In forming our opinion on the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

**20.** Our initial assessment of materiality for the financial statements was undertaken during the planning phase of the audit and was based on the gross expenditure reported in the 2018/19 audited annual accounts.

**21.** On receipt of the 2019/20 unaudited Annual Accounts we recalculated materiality levels based on actual gross expenditure for the year. We concluded that there was no significant impact on the audit approach of the recalculated materiality level. Our final materiality levels are summarised at [exhibit 1](#).

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## Exhibit 1 Materiality levels

Overall materiality	£44,000
Performance materiality	£33,000
Reporting threshold	£2,000

*Source: Annual Audit Plan 2019/20*

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## Significant findings

**22.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to “those charged with governance”. The qualitative aspects of the joint board’s accounting practices, accounting policies, accounting estimates and financial statements disclosures are satisfactory and appropriate to the joint board. We have only one significant matter to report.

**23.** Member bodies of Strathclyde Pension Fund were advised that following a government announcement on a key pension case, the McCloud case, there was a potential material impact on the liability previously provided for in the 2019/20 financial statements.

**24.** We requested that the Joint Board obtain a revised set of figures for inclusion in the 2019/20 financial statements. The actuary provided revised figures, and these were incorporated into the financial statements. The effect on the Balance Sheet was to reduce the defined pension liability by £0.206 million from £1.324 million to £1.118 million. Refer to paragraph 49 – Pension Liability

**25.** In accordance with normal audit practice, several presentational and disclosure amendments were discussed and agreed with management.

# Part 2

## Financial sustainability, governance and performance



### Main judgements

**The Joint Board's financial position is sustainable in the foreseeable future. At over 20% of annual expenditure members should consider whether the level of reserve is appropriate to the Joint Board.**

**The Joint Board's governance arrangements are satisfactory and adequately disclosed and concluded upon in the Annual Governance Statement.**

**The Joint Board is sustaining a high level of service performance.**

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services.

### Financial performance in 2019/20

**26.** The Joint Board is mainly funded by requisitions from its constituent members North Lanarkshire Council and South Lanarkshire Council. Other sources of income include funding from the Cabinet Office for Individual Electoral Registration (IER) and income from fees and charges.

**27.** The Joint Board's initial budget for 2019/20 was set on the basis of gross expenditure of £4.108 million and income of £4.063 million, the budget deficit of £0.045 million was to be funded from general reserves. A revised budget, agreed in June 2019, set expenditure at £4.695 million and income of £4.525 which included additional Scottish Government funding of £0.455 million. The shortfall of £0.170 million increasing the draw on reserves by £0.125 million.

**28.** The actual outturn in 2019/20 was total expenditure of £3.979 million and total income of £4.502 million. An underspend for the year of £0.523 million.

**29.** Management report that the main element of the underspend (£0.711million) relates to employee costs particularly in the recruitment and retention of valuation officers.

**30.** Each year the Joint Board undertakes work in relation to individual electoral registration (IER). At the start of the financial year it was not clear how much additional central funding from the Cabinet Office would be made available to complete this work. During the year funding of £0.296 million was received, marginally down on the budgeted figure of £0.311 million.

**31.** As at 31 March the Joint Board's reserve stands at £0.947 million (31 March 2019 £0.424 million). At over 20% of annual expenditure members should consider whether this level of reserve is appropriate to the Joint Board.

## Financial sustainability

**32.** As part of the budget setting process revenue estimates are prepared on a three-year rolling basis. This allows management and members to identify pressures and take early actions to mitigate the pressures.

**33.** The Joint Board approved the 'Financial Strategy 2019/20 to 2021/22 and Longer-Term Outlook' in March 2018. The plan outlines the Joint Board's statutory obligations and services and outlines details of key activities and outcomes which will allow the objectives of the plan to be achieved over the three-year period. The plan includes activities and outcomes in relation to financial planning, budgeting, and monitoring.

**34.** The Service Plan, which covers the period from 1 April 2019 through to 31 March 2022, was updated and reported to the June 2020 Joint Board meeting. The Service Plan provides an update on the business areas and specific projects based on the key challenges faced by the Joint Board within its three main business areas, [exhibit 2](#).

---

## Exhibit 2 Service Plan – key challenges

### Non-Domestic Rating

- 
- to ensure the disposal of all appeals, received in accordance with statutory timescales
  - to ensure the maintenance of the valuation roll between revaluations and that values accurately reflect changes to valuation roll entries
  - to plan for and ensure the completion of, in accordance with statutory timescales, the 2022 Revaluation and the future challenges as a result of the Barclay Review.
- 

### Council Tax

- 
- to ensure that new houses are entered in the Valuation List as soon after completion as possible
  - to ensure that band changes relating to a material change of value of a dwelling, followed by its subsequent sale, are effected as soon as possible
  - to continue to deal with proposals to alter council tax bands as efficiently as possible
- 

### Electoral Registration

- 
- to plan for and ensure that Individual Electoral Registration continues to be managed successfully
  - to respond to, and implement changes which result from the electoral reform review process.
  - to plan for and ensure service delivery for each election arising over the period of the Service Plan
  - to ensure the completeness and accuracy of the Electoral Registers
- 

*Source: Lanarkshire Valuation Joint Board - Service Plan 1 April 2019 to 31 March 2022 - Update*

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**35.** The Joint Board's financial position is sustainable in the foreseeable future. However, the challenges of staff recruitment and retention will continue to place a strain on capacity to deliver services at current levels.



## Governance

**36.** South Lanarkshire Council, as host authority, provides support in some key areas of business, particularly in finance, legal and information technology. As part of our audit, we reviewed the high-level controls in a number of the systems used by South Lanarkshire Council for the processing and recording of transactions and the preparation of the financial statements of the Joint Board.

**37.** Our overall conclusion was that the key controls within the Council's main financial systems were operating satisfactorily, and no significant risks to the Joint Board were identified.

**38.** A Local Code of Corporate Governance was approved by the Joint Board in March 2019. We reviewed the Local Code of Governance and concluded that it reflects the principles set out in the Delivering Good Governance in Local Government Framework (2016).

**39.** We also concluded that the information in the Annual Governance Statement is consistent with the financial statements and our knowledge of the Joint Board's operations.

## Covid-19 governance and operational arrangements

**40.** . At the start of the lockdown most Joint Board employees had the necessary equipment to allow them to work remotely. The Management Team held business continuity/emergency planning meetings daily in the lead up to the lockdown and these continued with the Senior Management Team thereafter. This has meant that the organisation has been able to continue operating during the lockdown period.

**41.** A number of Appeals Committee meetings have been postponed and rescheduled. In addition, a large number of Covid-19 "material change of circumstances" appeals have been received which will place a further burden on the Joint Board's service delivery capacity. Management have identified a range of risks which have the potential to affect the delivery of services along with mitigating actions.

## Public performance reporting

**42.** The Accounts Commission places great emphasis on local government bodies' responsibility for public performance reporting. The Commission does not prescribe how they should report but expects them to provide citizens with fair, balanced and engaging performance information reporting.

**43.** The Joint Board's 2019/20 public performance report was, in our view, fair and balanced and included useful and well-presented information in both narrative and graphic format.

## Performance indicators

**44.** Service performance is measured by standard performance indicators agreed between that Scottish Government and the Scottish Assessors' Association. We assessed the Joint Board's published data against that of a sample of other Scottish valuation joint boards.

**45.** We concluded that, in respect of adding new houses to the council tax valuation list, the Joint Board is performing at the top of the range and has been sustaining this level of performance over the last three years, [exhibit 3](#).

**46.** In respect of amendments to the valuation roll, the Joint Board has maintained its place in the top of the range, [exhibit 4](#). The Joint Board consistently outperforms most other joint boards.

## Exhibit 3 Council Tax

### Addition of new houses to the council tax list

	Comparator boards 2019/20					Lanarkshire VJB		
	A	B	C	D	E	2017/18	2018/19	2019/20
<i>Achievement</i>	%	%	%	%	%	%	%	%
Within 3 months	91	97	89.9	97.1	96.3	97	96	96
Within 6 months	98	99	96.6	99.4	99.4	99	99	99

Source: Scottish Assessors Association – KPIs 2019/20

## Exhibit 4 Valuation Roll

### Amendments to the valuation roll

	Comparator boards 2019/20					Lanarkshire VJB		
	A	B	C	D	E	2017/18	2018/19	2019/20
<i>Achievement</i>	%	%	%	%	%	%	%	%
Within 3 months	64	71	59.3	80	81.1	76	80	84
Within 6 months	82	87	77.3	91	91.8	87	90	91

Source: Scottish Assessors Association – KPIs 2019/20

## Pension liability

**47.** The Joint Board has a long-term liability to secure the pensions of its staff. International Accounting Standard 19 - Employee Benefits, requires all organisations to disclose information on pension liabilities in the financial statements. This section is included for information to board members as we consider that the large movement requires explanation and comment.

**48.** The Joint Board is an admitted member of Strathclyde Pension Fund, one of the largest in the UK with assets of some £23 billion. Valuation of pension fund assets and liabilities is assessed by an independent firm of actuaries (Hymans Robertson LLP). Pension liabilities are calculated annually for each individual member body, by the actuary, for inclusion in the financial statements. Annual valuations are dependent on a number of external variables, including projected rates of return on assets, projected rates of price and pay inflation, interest rates and mortality estimates.

**49.** The Strathclyde Pension Fund actuary provided an estimate of the Joint Board's liability as at 31 March 2020. The liability advised by the actuary (£1.324 million) was a significant reduction over that included in 2018/19 (£3.411 million).

**50.** In June of 2019 the Supreme Court handed down a judgement on a key pension case, the McCloud case. Essentially, the transitional arrangements of the

scheme involved were judged to be discriminatory. The effect of this judgement was to increase the liability of public sector defined benefit schemes. Following the judgement, the Strathclyde Pension Fund actuary recalculated the Joint Board's share of the liability increasing it by £0.445 million from £2.966 million to £3.411 million.

**51.** Member bodies were advised by Strathclyde Pension Fund, on 14 August 2020, that following a government announcement on the McCloud remedy consultation, there was a potentially material impact on the calculated McCloud liability previously provided for in the 2019/20 financial statements. The actuary's advice was that "in broadly simple terms, the estimated impact for McCloud may now be less than half of the previously estimated figure".

**52.** As auditors we sought to determine whether, given the advice from the actuary, the impact on the financial statements would breach our materiality tolerance. To do so we looked at the increase attributable to the McCloud case, as advised by the actuary, for 2018/19. We compared half of the difference (50% of £0.445 million = £0.223 million) to our materiality level (£0.044 million). On this basis we concluded that the difference was likely to be material.

**53.** We requested that the Joint Board obtain a revised set of figures for inclusion in the 2019/20 financial statements. The actuary provided revised figures on 20 August 2020 and these were incorporated into the financial statements. The effect on the Balance Sheet was to reduce the defined pension liability by £0.206 million from £1.324 million to £1.118 million.

**54.** The pension liability represents the difference between expected future payments to pensioners and the underlying value of pension fund assets available to meet this liability.

**55.** Over the past decade there has been considerable volatility in the valuation of pension liabilities across the public sector. For the Joint Board, the movement over the past nine years is set out at [exhibit 5](#). Small changes in actuarial assumptions can have a significant impact on the calculation of closing liabilities.

## Exhibit 5

### Pension fund liability 2011/12 - 2019/20



Source: Lanarkshire Valuation Joint Board audited Annual Accounts 2011/12 -2019/20

## National performance reports

**56.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. National performance reports, published in 2019/20, which may be of interest to members are listed at [appendix 2](#).

# Appendix 1

## Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion.

Risks of material misstatement in the financial statements		
<b>1 Risk of management override of controls</b>  Auditing standards require that audit work is planned to consider the risk of misstatement arising from the management override of controls.	Reviewed the appropriateness of journal entries and other adjustments recorded in the general ledger and financial statements.  Reviewed accounting estimates for biases.  Evaluated significant transactions that are outside the normal course of business.  Focused testing of the regularity and cut-off assertions during the financial statements audit.	Testing completed as planned.  We have not identified any instances of management override of controls.
<b>2 Risk of fraud over expenditure</b>  Auditing standards assert that fraud should be presumed to be a significant risk in any audit.	Detailed testing of transactions focusing on the areas of greatest risk.	Our audit procedures did not detect any evidence of fraud over expenditure.
<b>3 Estimation and judgments</b>  There is a significant degree of subjectivity in the measurement and valuation of pension liability included in the balance sheet. The value of the pension liability is an estimate based on information provided by management and actuarial assumptions.	Assessed the appropriateness of the actuarial assumptions.  Established officers' arrangements for assessing the impact of any movement in fund values between the IAS19 valuation date and the year end.  Focused testing of IAS19 disclosures.  Reviewed the appropriateness of accruals.	We assessed the reliability of the actuary and reviewed their work. No issues were noted.  Pension disclosures agreed in full to information from the actuary and to financial records.  We undertook a review of the disclosed accruals and concluded that the methodology

applied by management was reasonable and consistent with prior years.

---

## Wider dimension risks

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### 4 Impact on performance

There is a risk that there will be insufficient resources to meet the increased operational needs in relation to

- the recommendations arising from the Barclay review of non-domestic rates. The change to three yearly revaluations will increase the workload of the Joint Board.
- potential increased workload arising from the demands of the designated assessor responsibility in the valuation of electricity utilities.
- inability to attract suitably qualified staff.

Resources are reviewed by management on a continuous basis.

Management work closely with the Treasurer to the Board to identify any issues in both the short, medium and long term to ensure appropriate measures are taken to address these matters.

We reviewed the Service Plan and Progress Update.

We reviewed the Performance Indicators.

We reviewed the budget monitoring reports during the year.

Management are aware of the identified risks and are taking appropriate mitigating action.

---

# Appendix 2

## Summary of national performance reports 2019/20

 <b>2019/20 Reports</b>		
		Apr
Social security: Implementing the devolved powers		<b>May</b>
Scotland's colleges 2019		<b>Jun</b>
		Enabling digital government
		Jul
NHS workforce planning - part 2		<b>Aug</b>
Finances of Scottish universities		<b>Sept</b>
NHS in Scotland 2019		<b>Oct</b>
		Nov
Local government in Scotland: Financial overview 2018/19		<b>Dec</b>
Scotland's City Region and Growth Deals		<b>Jan</b>
		Privately financed infrastructure investment: The Non-Profit Distributing (NPD) and hub models
		Feb
		<b>Mar</b>
		Early learning and childcare: follow-up

# Lanarkshire Valuation Joint Board

## 2019/20 Proposed Annual Audit Report

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# Report

Report to:	<b>Lanarkshire Valuation Joint Board</b>
Date of Meeting:	<b>7 September 2020</b>
Report by:	<b>Treasurer to Lanarkshire Valuation Joint Board</b>

Subject:	<b>Audited Accounts 2019/2020 and External Auditors' Report to the Board</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise members of the outcome of the audit by the Board's external auditor, Audit Scotland
- ◆ advise members of the requirement to approve the Audited Accounts for 2019/2020 for signature

## 2. Recommendation(s)

2.1. The Board is asked to approve the following recommendation(s):-

- (1) that it be noted that the Accounts 2019/2020 received a clean audit certificate (section 4.3.);
- (2) that the audited Accounts 2019/2020, be approved for signature (Appendix 1); and
- (3) that it be noted that the audited Accounts 2019/2020 will be available on the Board's website (section 4.4).

## 3. Background

3.1. The Board's external auditor, Audit Scotland, is required to supply an audit certificate outlining the findings of the audit process undertaken in relation to the Accounts 2019/2020.

3.2. Following the publication of The Local Authority Accounts (Scotland) Regulations 2014, the members of the Board have to meet to consider whether to approve the audited Accounts for signature. This year, the deadline for approval is 30 November, due to an extension to the usual 30 September deadline, as a result of the Coronavirus Pandemic. The members are also required to have regard to any report made or advice provided on the Accounts by the auditor.

## 4. Audited Accounts

4.1. As noted in 3.2. above, members are now required to approve the audited Accounts for signature. Appendix 1 attached provides a copy of the Accounts for members' consideration.

- 4.2. As detailed in a previous report, the Board's current external auditors, Audit Scotland, have completed an audit which extends across the 2019/2020 Accounts and related matters.
- 4.3. In summary, the report provides a clean audit certificate. There were no issues arising from the 2019/2020 audit work which merited a recommendation or action plan point.
- 4.4. The audited Accounts for 2019/2020 will be uploaded to the Lanarkshire Valuation Joint Board website. Paper copies are also available on request from Finance Services, Floor 4, Council Offices, Almada Street, Hamilton or from the Assessor's office at the Hamilton Academicals' Stadium.

## **5. Employee Implications**

- 5.1. None

## **6. Financial Implications**

- 6.1. The financial details of the Auditor's report are contained within section 4 above.

## **7. Climate Change, Sustainability and Environmental Implications**

- 7.1. There are no climate change, sustainability or environmental implications in terms of the information contained in this report.

## **8. Other Implications**

- 8.1. The main risk associated with the Board's Annual Report and Accounts is a qualified audit report. The risk was minimised by the detailed preparation in relation to the year end process and training undertaken by key finance staff. Finance and the Board's staff work together to achieve key deadlines and actions set from timetables. This has resulted in a clean audit certificate.

## **9. Equality Impact Assessment and Consultation Arrangements**

- 9.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.
- 9.2. There is also no requirement to undertake any consultation in terms of the information contained in the report.

**Paul Manning**  
**Treasurer**

20 August 2020

## **Previous References**

- ♦ Lanarkshire Valuation Joint Board Unaudited Annual Report and Accounts 2019/2020 (Board Meeting, 1 June 2020)

## **List of Background Papers**

- ♦ External Auditor's report

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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ANNUAL ACCOUNTS 2019/2020



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## Membership of the Board

Lanarkshire Valuation Joint Board (herein after referred to as ‘the Board’) is comprised of Elected Members from its two constituent local authorities. The serving Members of the Board during financial year 2019/2020 were as follows:

### South Lanarkshire Council

Councillor Lynsey Hamilton  
(Depute Convenor)  
Councillor Poppy Corbett  
Councillor Peter Craig  
Councillor Isobel Dorman  
Councillor Fiona Dryburgh  
Councillor Geri Gray  
Councillor Ann Le Blond  
Councillor Jim Wardhaugh  
Councillor Gerry Convery  
(until 26 June 2019)  
Councillor Walter Brogan  
(from 26 June 2019)

### North Lanarkshire Council

Councillor Alex McVey  
(Convenor)  
Councillor Caroline Stephen  
Councillor Bob Burgess  
Councillor Tom Castles  
Councillor Lynne Anderson  
Councillor Jim Reddin  
Councillor Bill Shields  
Councillor Annette Valentine

## Chief Officers

Assessor and Electoral Registration Officer: Gary Bennett BSc MSc AEA (Cert-Scotland)  
MRICS IRRV (Hons)

The following appointed office bearers of the Board are employed on a substantive basis by South Lanarkshire Council:

Clerk:

Lindsay Freeland (Chief Executive of South Lanarkshire Council)  
(until 23 September 2019)

Clerk Post – Vacant  
(24 September 2019 – 5 January 2020)

Cleland Sneddon (Chief Executive of South Lanarkshire Council)  
(from 6 January 2020)

Treasurer:

Paul Manning (Executive Director of Finance and Corporate Resources, South Lanarkshire Council)

## **Management Commentary 2019/2020**

The management commentary provides an overview of the key messages in relation to the objectives and strategy of Lanarkshire Valuation Joint Board (the Board) and its financial performance for the year ended 31 March 2020. It also provides an indication of the issues and risks that may impact upon the Board's finances in the future.

The Board was established by the Valuation Joint Boards (Scotland) Order 1995 and came into existence on 1 April 1996. It provides a range of valuation and electoral registration services to and on behalf of South Lanarkshire Council and North Lanarkshire Council (the constituent authorities), working in partnership with other Valuation Joint Boards and professional bodies throughout Scotland.

### **Core Purpose, Vision, Service Function and Core Objectives**

The Board's Service Plan was approved at the Board meeting in March 2019 and covers the period April 2019 through to March 2022. The Plan incorporates the Board's Vision statement, which is "to deliver quality in the work which we undertake, provide efficient services to all service users, and ensure completeness and accuracy of the Electoral Registers, Valuation Rolls and the Valuation (Council Tax) Lists".

- The Plan sets out the key business areas identified for Lanarkshire Valuation Joint Board over the three-year period, with a view to ensuring that LVJB's services are delivered as effectively and efficiently as possible to service users.

Where deemed appropriate, each key business area is supported by a series of priorities and measurable key actions, against which performance is regularly reported to the Board.

### **Review of Performance**

The Board's performance against key performance indicator (KPI) targets during 2019/2020, was as follows:

- Of 3,165 new Council Tax entries added, 96% were completed within 3 months of the effective date against a target of 88%. 99% were completed within 6 months against a target of 92%.
- Of 1,311 alterations to the non-domestic valuation roll, 84% were completed within 3 months of the effective date against a target of 77%. 93% were completed within 6 months against a target of 92%.

Regarding electoral registration, within the period 2019/2020 in addition to two by-elections, the European Parliamentary Election took place on 23 May 2019, and the UK Parliamentary Election was held on 12 December. Due to the latter election, the revised registers, following the annual canvass of electors, were published in November instead of the usual publication date of 1 December. In particular the UK snap Parliamentary election posed significant challenges to service delivery; the government on line registration service continues to receive voluminous applications in the run up to such electoral events, many of which are duplicates. Nevertheless, LVJB staff once again responded to the challenges put before them with all electoral events in 2019/20 being delivered successfully.

More information on the Board's performance during 2019/2020 can be found on the Board's website at [www.lanarkshire-vjb.gov.uk](http://www.lanarkshire-vjb.gov.uk)



## Financial Performance

### Revenue

The Comprehensive Income and Expenditure Statement on page 19 summarises the total costs of providing services and the income available to fund those services. The Board set a net operating expenditure budget for 2019/20 of £4.108m to be funded by requisitions from the two constituent local authorities and the Cabinet Office. The budget was based on experience of expenditure and income levels during previous years and included a planned contribution from the Board's reserves of £0.170m. In addition to the original budget set, funding was received from the Scottish Government in respect of the Barclay review during 2019/20 (£0.455m) and an increase to the agreed pay award was funded by increased Requisition payments (£0.125m).

The Board returned a surplus of income over expenditure of £0.523m for 2019/20 which, compared with the budgeted deficit of £0.170m resulted in an improved position of £0.693m. This surplus excludes the accounting adjustments relating to pensions and short-term accumulating absences.

The difference between the net expenditure figure below and that reported in the Comprehensive Income and Expenditure Statement is due to the accounting adjustments, which are analysed in the Expenditure and Funding Analysis on page 18.

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	£000	£000	£000
Employee Costs	3,350	2,639	711
Property Costs	325	323	2
Supplies and Services	147	172	(25)
Transport and Plant	0	1	(1)
Administration Costs	827	807	20
Payments to Other Bodies	32	32	-
Financing Charges	14	11	3
<b>Total Expenditure</b>	<b>4,695</b>	<b>3,985</b>	<b>710</b>
Income	(7)	(6)	(1)
<b>Net Expenditure</b>	<b>4,688</b>	<b>3,979</b>	<b>709</b>
<b>Funded by:</b>			
Requisition Income	(4,207)	(4,206)	(1)
Cabinet Office Funding	(311)	(296)	(15)
<b>Total</b>	<b>(4,518)</b>	<b>(4,502)</b>	<b>(16)</b>
<b>(Surplus) / Deficit for the Financial Year</b>	<b>170</b>	<b>(523)</b>	<b>693</b>

The main underspend was in respect of employee costs. This reflects a combination of the turnover of staff and the current level of spend in relation to the implementation of the Barclay recommendations. Recruitment is ongoing for posts made vacant through staff turnover, and posts required to undertake the workload associated with the Barclay Review.

### Balance Sheet

The Board's Balance Sheet as at 31 March 2020 reported net liabilities of £0.205m compared with net liabilities of £3.015m as at 31 March 2019, a movement of £2.810m during the year. This is mainly due to a £2.293m decrease in the Board's pension fund

liability which is calculated by independent actuaries as part of the Strathclyde Pension Fund.

Adding the surplus on the Balance Sheet as at 31 March 2020 (£0.523m) to the Board's General Reserve carried forward from 2018/2019 (£0.424m), gives the Board a closing General Reserve position of £0.947m at the end of 2019/20. This is shown in the Expenditure and Funding Analysis on page 18, and the Movement in Reserves Statement on page 21.

### **Pension Fund**

The disclosure requirements for pension benefits under International Accounting Standard 19 are detailed at Note 14. The appointed actuary assessed the Board's share of Strathclyde Pension Fund as a net liability of £1.118m as at 31 March 2020, compared with a net liability of £3.411m as at 31 March 2019. Changes in the assumptions used by the actuary when calculating the liability, including financial and demographic assumptions, resulted in a reduction in the liability, however these were partially offset by service costs and a negative return on assets. The net effect was a decrease to the overall pension liability. The Pension Liability shown is the result of the accounting legislation and standards and reflects the cost to the Board if all staff retired as at 31 March 2020.

Whilst indicative of a broad position in terms of a pension liability, the reader should be aware of a range of factors, inherent in the figure, before drawing conclusions on such a significant number in the Board's Financial Statements. The Board is meeting pension contributions on an annual basis. Note 14: Defined Benefit Pension Schemes on page 33 provides more details on pensions including the factors affecting the pension liability such as assumptions about mortality, salary inflation, pension inflation and discount rates.

The Board's actuary has confirmed that the IAS19 Balance Sheet is based on financial market values and future market expectation indicators as at 31 March 2020 to comply with the standard. The financial markets at the accounting date will have taken into account COVID19 risks as one of many national and worldwide economic considerations. There has been no explicit additional allowance or adjustment made for COVID19 by the actuary.

### **Provisions, contingencies and write-offs**

The Board is not aware of any eventualities which may have a material effect on its financial position and has therefore made no provision for such eventualities. Contingent assets and liabilities are disclosed as a note to the financial statements. No debts were written off during the financial year.

### **Service changes and future developments**

There were no changes to the statutory functions undertaken by the Board during the financial year. The Board approved LVJB's Service Plan at its meeting of March 2019. Future developments are anticipated in the following service areas:

### **Electoral registration**

The comprehensive review of how the annual canvass of electors on a UK wide basis continues, with new procedures scheduled to be implemented in time for the 2020 canvass, which is expected to commence on 1 August 2020. This canvass will include, in accordance with relevant legislative, the extension of franchise to foreign nationals and certain prisoners, the later extension to the electoral franchise coming into force on 1 April 2020. Given the current situation in respect of the coronavirus pandemic, it is unclear at this stage how the legal requirement to undertake door

visits in respect of the annual canvass of electors, and indeed door visits associated with the legislative requirement to undertake house visits in respect of non returned invitation to register forms, will proceed. It is expected that the funding supplied by the UK government Cabinet Office in respect of Individual Electoral Registration (IER) will cease as there are anticipated savings to be gained from the reformed canvass process. Major unplanned election events, such as the UK snap general election held in December 2019, continue to place significant strain on resources, and the relevant bodies have again been notified of this. The funding of the work associated with such events continues to be drawn from financial reserves.

### **Valuation**

Preparatory work associated with implementing the Non-Domestic Rates (Scotland) Act 2020, which came into force on 11 March 2020, will continue, in particular to ensure that the organisation is well equipped to deal with the increase in the workload as a result of the introduction of the legislation. The disposal of outstanding appeals, both the remaining 2017 non domestic revaluation appeals and the newly received coronavirus pandemic related material change of circumstances appeals, will require significant resource allocation, particularly if statutory disposal timescales (31 December 2020 for 2017 revaluation appeals, and 31 March 2021 for the new material change of circumstances appeals if received before 31 March 2020) are not revised. The Scottish Assessors Association remain in dialogue with ratepayers' representatives and the Scottish Government in this regard.

The impact of the coronavirus on the ability to undertake site visits is still relatively unknown at this stage and will continue to be considered carefully in line with government guidelines. This is a significant issue in relation to having the ability to maintain both the Valuation List for Council Tax, and the Valuation Roll for non domestic rating, although the significant reduction in activity in respect of both business areas as a result of the pandemic should mean that fewer subjects require to be visited.

The period 2019/20 continued to see an increase in the number of dwellings being added to the Valuation List for Council Tax properties, and staff are to be commended for maintaining a very high level of performance in this key business area.

### **Financial Outlook**

Most economic commentators forecast that pressures on public finances will continue for the foreseeable future. The Board recognises the impact of this difficult financial climate on its constituent authorities and as a consequence it continues to seek to generate efficiencies where possible. A three-year Financial Budget Strategy for 2020/21 to 2022/23 was approved by the Board at its meeting in March 2018. An extension to the Strategy was approved by the Board in June 2019 to include 2023/24. The Financial Strategy assists in managing a number of key risks which directly impact on the funding available to deliver the Board's objectives. It also identifies a future strategy in respect of financial reserves. The Board's Strategy is revised annually with consideration given to any changes in the financial horizon, which will be presented to the Board.

Consequently, the Assessor and Electoral Registration Officer will look to continue to implement efficiency savings in future, although with a significant number of statutory duties to be met, the continual reduction of resources could have an adverse impact on performance and service delivery.

### **Risks and Uncertainties**

The Board approved the Risk Register Update 2020 at its meeting in March 2020. The main risks highlighted are: the potential lack of funding for dealing with the valuation and appeals relating to electricity subjects; and there is potential failure to recruit and/or retain qualified valuation staff. All risks are monitored by the senior management team of the Board and reported to the Board on an annual basis.

### **Coronavirus Pandemic**

The UK and Scottish Government's announced a country wide lockdown towards the end of March 2020 in respect of the worldwide outbreak of a coronavirus. Arrangements were put in place to allow for LVJB to continue, as much as possible, to carry out statutory undertakings. More detail on the governance arrangements put in place to assist in managing this unprecedented situation is contained in LVJB's annual governance statement.

### **Conclusion**

Operational performance continued to remain positive for the period 2019/20. Sound financial management and medium term planning has enabled the Board to successfully manage the financial challenges faced during financial year 2019/20. However, there remain a number of challenges going forward, including the UK wide reform of the annual canvass of electors, the workload associated with the Non-Domestic rates (Scotland) Act, and the recently emerged challenges posed by the worldwide coronavirus pandemic, all of which will continue to be considered by LVJB's management team in consultation with the Treasurer to the Board's staff.

We wish to acknowledge the significant efforts of all staff in contributing to the Board's operational performance, of budget managers and support staff whose financial stewardship contributed to the Board's financial position at 31 March 2020, and to everyone involved in the preparation of the Annual Accounts.

**Paul Manning**  
Treasurer

**Gary Bennett**  
Assessor and ER Officer

**Councillor Alex McVey**  
Convenor

## **Statement of Responsibilities**

This statement sets out the respective responsibilities of the Board and the Treasurer for the Annual Accounts.

### **The Board's Responsibilities**

The Board is required to:

- make arrangements for the proper administration of its financial affairs, and to ensure that one of its officers has responsibility for the administration of those affairs. For the Board, that officer is the Executive Director of Finance and Corporate Resources for South Lanarkshire Council, designated as the Treasurer of the Board;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014) and is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- approve the Annual Accounts for signature

I confirm that these Annual Accounts were approved for signature by the Board at its meeting on 7 September 2020.

**Councillor Alex McVey**  
**Convenor of Lanarkshire Valuation Joint Board**  
**7 September 2020**

## **The Treasurer's Responsibilities**

The Treasurer is responsible for the preparation of the Board's Annual Accounts which, in terms of the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom is required to present a true and fair view of the financial position of the Board at the accounting date, and its comprehensive income and expenditure for the financial year then ended.

In preparing the Annual Accounts, the Treasurer has:

- Selected suitable accounting policies, and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with legislation; and
- Complied with the Code of Practice on Local Authority Accounting in the United Kingdom.

The Treasurer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Board at 31 March 2020, and its income and expenditure for the year ended 31 March 2020.

**Paul Manning**  
**Treasurer of Lanarkshire Valuation Joint Board**  
**7 September 2020**

## **Annual Governance Statement**

This statement sets out the framework within which the Board has proper arrangements for the governance of the Board's affairs, thereby facilitating the effective exercise of its functions, ensuring that appropriate arrangements are in place for the management of risk and appropriate systems of internal control are in place. While the Board's governance arrangements have not been consolidated in a formal Code of Corporate Governance, the Annual Governance Statement has been prepared within the context of the Board's governance framework, and meets legislative requirements to include the Annual Governance Statement with the Annual Accounts. A consolidated Code of Corporate Governance was approved at the Board meeting of 4 March 2019.

### **Scope of Responsibility**

In delivering its aims and objectives, the Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Board also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003. In discharging this responsibility, the Board's elected members and senior officers are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

### **Governance Framework**

The Board operates a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The main features of our governance arrangements are:

- Clearly defined Standing Orders, Scheme of Delegation and Financial Regulations and Tender Procedures;
- Comprehensive business planning arrangements, setting key targets and action plans designed to achieve our corporate objectives;
- Arrangements to manage risk, including a risk management strategy and Corporate Risk Register and business continuity plans;
- Clear customer complaints procedures;
- Policies to regulate employee related matters, including the Employee Code of Conduct and Disciplinary Procedures; and
- Regular public performance monitoring

As part of the overall control arrangements, the system of internal control is designed to ensure that assets are safeguarded, transactions are authorised and properly recorded and material errors are detected and corrected. This system is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability.

Development and maintenance of the system is undertaken by managers within the Board. In particular, the system includes:

- Financial management supported by Financial Regulations;
- Detailed budgeting systems;
- Regular reviews of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure performance, including financial performance;
- The preparation of regular financial reports that compare actual expenditure and income against forecasts.

South Lanarkshire Council is the administering authority. All financial transactions of the Board are processed through the financial systems of the Council and are subject to the same controls and scrutiny as those of the Council. This includes regular reviews by the Council's Internal Audit Manager.

### **Review of Effectiveness**

The Board purchases an internal audit service from South Lanarkshire Council, through a Service Level Agreement. The role of Internal Audit is to provide an independent audit opinion on the adequacy and effectiveness of the Board's governance, risk management and internal control systems based on audit work undertaken in the year.

The internal audit service provided to the Board operates in accordance with the Public Sector Internal Audit Standards (revised 2017). A rolling programme of audits are undertaken on an annual basis targeted at the areas of greatest risk.

The Internal Audit Manager provides an annual report to the Board and an audit opinion on the adequacy and effectiveness of the Board's governance, risk management and internal control systems based on audit work undertaken in the year. The annual report for 2019/2020 was presented to the Board on 1 June 2020. The Internal Audit Manager's annual assurance statement concluded that a reasonable level of assurance can be placed on the adequacy and effectiveness of the Board's framework of governance, risk management and control arrangements for the year ended 31 March 2020.

### **Statement on the Role of the Chief Financial Officer**

CIPFA published the statement on the role of the Chief Financial Officer in 2010 and under the Code, the Board is required to state whether it complies with the statement, and if not, to explain how their governance arrangements deliver the same impact.

The Board's financial management arrangements comply with the principles set out in CIPFA's statement on the Role of the Chief Financial Officer.

### **Continuous Improvement**

As part of the annual audit review, recommendations are provided which not only assist management to improve their control environment, but also provide an assessment of the adequacy of existing systems and procedures, including highlighting any necessary improvements to maintain and improve the Board's governance arrangements going forward. The external auditor's [Annual Audit report](#) did not identify any Governance actions for implementation during 2019/20.



## **Coronavirus Pandemic**

LVJB's Business Continuity/Emergency Planning (BC/EP) team met daily in the run up to the eventual UK and Scottish Government's announcement on a country wide lockdown towards the end of March 2020. The BC/EP meetings focused on, amongst other things, the welfare of staff, and enabling homeworking in order that statutory undertakings could continue to be carried out where possible. Arrangements were put in place to deal with all correspondence, both electronic and by post, and for LVJB staff to have access to IT systems.

Accordingly, the arrangements allowed for the following;

- The electoral registers to be maintained and monthly updates produced as normal. Invitation to Register forms to be issued as appropriate, although there is a current halt on any door to door visits.
- The Valuation List for Council Tax to be maintained, including any band increases as a result of dwellings being materially altered and then subsequently sold where information exists which allows such changes to be made without the need to undertake site visits. Proposals and appeals continue to be dealt with where possible.
- The Valuation Roll for non domestic rating to be maintained, however activity in this area is minimal. Appeals continue to be dealt with where possible. Staff are dealing with an upsurge in correspondence in relation to Valuation Roll entries, in particular in respect of the new grant legislation put in place by the government. Additionally, over 3000 appeals have been received against valuation roll entries as a result of the pandemic.

## **Assurance**

In conclusion, there were no significant weaknesses identified in the Annual Audit Report relating to improvements requiring action in 2019/2020. Systems are in place to continually review and improve the control environment and governance arrangements operated by the Board.

The effectiveness of governance is dependent on the actions of officers of the Board and by the work of Internal and External audit. It is the Board's view that the governance arrangements were effective during financial year 2019/2020.

**Gary Bennett**  
**Assessor and Electoral Registration Officer**  
**Lanarkshire Valuation Joint Board**  
**7 September 2020**

**Councillor Alex McVey**  
**Convenor of Lanarkshire Valuation Joint Board**  
**7 September 2020**

## **Remuneration Report**

The remuneration report provides details of the Board's remuneration policy for senior Board members and senior employees.

### **Introduction**

The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 1985 (as amended by the Local Authority Accounts (Scotland) Regulations 2014). These Regulations require various disclosures about the remuneration and pension benefits of senior Board members and senior employees.

All information disclosed in tables 1 - 3 in this Remuneration Report has been audited by Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

### **Senior Employees**

The remuneration of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Officers of Scottish local authorities. Circular CO/150 sets the amount of salary for Chief Officers for the period 1 April 2018 to 31 March 2021.

### **Senior Councillors**

The Convenor and Depute Convenor of the Lanarkshire Valuation Joint Board are remunerated by the Council of which they are a council member, as shown in Table 3.

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183) as amended most recently by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2019 (SSI 2019/23). The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Provost, Senior Councillors or Councillors. These regulations also set out the amounts a councillor may be paid for being a Convenor or Depute Convenor of a Joint Board. This is inclusive of any amount payable to them as either a Councillor or Senior Councillor.

The Board has an arrangement with each Council who remunerates the Convenor and Depute Convenor/s to reimburse the Council for the additional costs of that councillor arising from them being a Convenor or Depute Convenor 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.

### **Trade Unions (Facility Time Publication Requirements) Regulations 2017**

In addition to the regulations governing senior employees and councillors, the Trade Union (Facility Time Publication Requirements) Regulations 2017, which apply from 1 April 2017, require public sector employers to collect and publish a range of information on trade union facility time in respect of their employees who are Trade Union Representatives. This information is available on the Board's website.

There are no employees within the Board who are Trade Union Representatives, as noted on the Board's website.

### General Pay Bands for Senior Employees

The number of officers who received remuneration (excluding pension contributions) in excess of £50,000 for the financial year is shown in Table 1 below:

**Table 1 - General Pay Band Disclosure for Senior Employees**

Annual Remuneration	Number of Employees	Number of Employees
£	2019/20	2018/19
50,000 – 54,999	2	1
55,000 – 59,999	0	0
60,000 – 64,999	2	2
65,000 – 69,999	1	1
70,000 – 74,999	1	0
75,000 – 109,999 (Note 1)	0	0
110,000 – 114,999	0	1
115,000 – 119,999	1	0

Note 1: These are merged pay bands covering more than £5,000 due to the fact that no employees fell into these bands in either financial year.

### Disclosure of Remuneration

Table 2 and 3 below provides details of the remuneration paid to the Board's senior employees, Convenor and Depute Convenor. Comparative figures for 2018/2019 have been shown.

**Table 2 – Senior Employees**

Name / Post	Salary / Fees	Taxable Expenses	Compensation for Loss of Office	Any other Remuneration	2019/20 Total	2018/19 Total
<b>G Bennett</b> Assessor and Electoral Registration Officer	£115,128	-	-	-	£115,128	£111,802
<b>J Neason</b> Assistant Assessor and Electoral Registration Officer	£70,247	-	-	-	£70,247	£68,192
<b>R Pacitti</b> Assistant Assessor and Electoral Registration Officer from 05/11/18	£68,375	£9	-	-	£68,384	£26,291 (Full Year Equivalent £65,352)
2018/19 senior employees where post holders are no longer in post	-	-	-	-	-	£41,857
<b>Total</b>	<b>£253,750</b>	<b>£9</b>	<b>-</b>	<b>-</b>	<b>£253,759</b>	<b>£248,142</b>

The senior employees included in Table 2 include any Board employee:

- Who has responsibility for management of the Board to the extent that the person has power to direct or control the major activities of the Board (including activities involving the expenditure of money), during the year to which the report relates, whether solely or collectively with other persons;
- Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989; or
- Whose annual remuneration, including remuneration from a local authority subsidiary body, is £150,000 or more.

**Table 3 – Convenors and Depute-Convenors**

<b>Name / Post</b>	<b>Salary / Fees</b>	<b>Taxable Expenses</b>	<b>Compensation for Loss of Office</b>	<b>Any other Remuneration</b>	<b>2019/20 Total</b>	<b>2018/19 Total</b>
<b>A McVey</b> Convenor	£4,188	-	-	-	£4,188	£4,251
<b>L Hamilton</b> Depute Convenor	£3,267	-	-	-	£3,267	£3,190
<b>Total</b>	<b>£7,455</b>	-	-	-	<b>£7,455</b>	<b>£7,441</b>

## **Pension Rights**

Pension benefits for councillors and Lanarkshire Valuation Joint Board (LVJB) employees are provided through the Local Government Pension Scheme (LGPS). Prior to 1 April 2015 for LVJB employees this was a final salary pension scheme. As of 1 April 2015, pension benefits for LVJB employees are based on career average pay. The employee's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay.

The Pension entitlement of Senior Employees for the year to 31 March 2020 are shown in the table below, together with the contribution made by the Board to each senior employees' pension during the year. The accrued pension benefit reflects both the employer and employee contributions.

**Table 4 – Pension Benefits: Senior Employees**

<b>Name / Post</b>		<b>Accrued Pension Benefits March 2020</b>	<b>Movement in accrued pension benefits since 31 March 2019</b>	<b>Pension Contribution made by Board 2019/20</b>	<b>Pension Contribution made by Board 2018/19</b>
<b>G Bennett</b> Assessor and Electoral Registration Officer	Pension Lump Sum	£58,510 £105,484	£3,851 £3,392	£22,220	£21,578
<b>J Neason</b> Assistant Assessor and Electoral Registration Officer	Pension Lump Sum	£37,684 £70,683	£2,428 £2,292	£13,528	£13,134
<b>R Pacitti</b> Assistant Assessor and Electoral Registration Officer from 05/11/18	Pension Lump Sum	£32,895 £62,032	£2,594 £2,720	£13,127	£5,074
2018/19 senior employees where post holders are no longer in post	Pension Lump Sum				£8,078
<b>Total</b>				<b>£48,875</b>	<b>£47,864</b>

**Table 5 – Pension Benefits: Convenors and Depute Convenors**

<b>Name / Post</b>	<b>Pension Contribution made by Board 2019/20</b>	<b>Pension Contribution made by Board 2018/19</b>
<b>L Hamilton</b> Depute Convenor	£630	£616

### **Exit Packages**

There were no exit packages agreed or paid for financial years 2019/2020 or 2018/2019.

**Gary Bennett**  
Assessor and ER Officer  
7 September 2020

**Councillor Alex McVey**  
Convenor  
7 September 2020

## Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows the expenditure and income figures reported to Lanarkshire Valuation Joint Board and, through a single adjustments column, reconciles it to the accounting figures presented in the Comprehensive Income and Expenditure Statement.

### Expenditure and Funding Analysis 2019/2020

2018/2019				2019/2020		
Net Exp. Chargeable to GF	Adjustment between Funding and Accounting Basis (note 5)	Net Exp. in CIES		Net Exp. Chargeable to GF	Adjustment between Funding and Accounting Basis (note 5)	Net Exp. in CIES
Column 1	Column 2	Column 3		Column 5	Column 6	Column 7
£000	£000	£000		£000	£000	£000
2,584	783	3,367	Employee Costs	2,639	236	2,875
324	-	324	Property Costs	323		323
87	-	87	Supplies and Services	172		172
1	-	1	Transport and Plant	1		1
770	10	780	Administration Costs	807	17	824
23	-	23	Payments to Other Bodies	32		32
15	1	16	Financing Charges	11	2	13
<b>3,804</b>	<b>794</b>	<b>4,598</b>	<b>Total Expenditure</b>	<b>3,985</b>	<b>255</b>	<b>4,240</b>
(3,930)	-	(3,930)	Income	(4,508)	-	(4,508)
<b>(126)</b>	<b>794</b>	<b>668</b>	<b>Net Cost of Services</b>	<b>(523)</b>	<b>255</b>	<b>(268)</b>
-	39	39	Financing and Investment Income and Expenditure	-	87	87
<b>(126)</b>	<b>833</b>	<b>707</b>	<b>(Surplus) or Deficit</b>	<b>(523)</b>	<b>342</b>	<b>(181)</b>

2018/19		2019/20
General Fund		General Fund
£000		£000
(298)	Opening General Fund Balance	(424)
(126)	(Less)/plus (Surplus) or Deficit on General Fund (per column 1 and 5 of EFA)	(523)
-	Transfers To/From Reserves	-
<b>(424)</b>	<b>Closing General Fund Balance</b>	<b>(947)</b>

## Comprehensive Income and Expenditure Statement for the year ended 31 March 2020

This statement shows income generated by the Board during the year and how it was spent on services and financing costs.

2018/19		2019/20	Note
Actual		Actual	
£000		£000	
3,367	Employee Costs	2,875	
324	Property Costs	323	
87	Supplies and Services	172	
1	Transport and Plant	1	
780	Administration Costs	824	
23	Payments to Other Bodies	32	
16	Financing Charges	13	
<b>4,598</b>	<b>Total Expenditure</b>	<b>4,240</b>	
(3,930)	Income	(4,508)	
<b>668</b>	<b>Net Cost of Services</b>	<b>(268)</b>	
39	Financing and Investment Income and Expenditure	87	
<b>707</b>	<b>Deficit on the Provision of Services</b>	<b>(181)</b>	
1,529	Re-measurement of the Net Defined Benefit Asset/Liability	(2,629)	14
<b>1,529</b>	<b>Other Comprehensive Income and Expenditure</b>	<b>(2,629)</b>	
<b>2,236</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>(2,810)</b>	

## Balance Sheet as at 31 March 2020

This statement shows the resources of the Board and means by which they were financed. It shows the values as at the balance sheet date of the assets and liabilities recognised by the Board.

31 March 2019			31 March 2020	Note
£000			£000	
	<b>Non Current Assets:</b>			
4	Intangible Assets		2	10
	<b>Current Assets:</b>			
21	Short Term Debtors	37		11
437	Cash and Cash Equivalents	1,005		
458			1,042	
	<b>Current Liabilities:</b>			
(66)	Short Term Creditors	(131)		12
(66)	Total Current Liabilities		(131)	
<b>396</b>	<b>Total Assets less Current Liabilities</b>		<b>913</b>	
	<b>Long Term Liabilities</b>			
(3,411)	Pension Liability		(1,118)	14
<b>(3,015)</b>	<b>Total Assets less Liabilities</b>		<b>(205)</b>	
	<b>Financed By:</b>			
	<b>Unusable Reserves</b>			
(3,411)	Pension Reserve		(1,118)	17
(32)	Accumulating Compensated Absences Reserve		(36)	17
4	Capital Adjustment Account		2	17
	<b>Usable Reserves</b>			
424	General Fund Reserve		947	17
<b>(3,015)</b>			<b>(205)</b>	

The notes on pages 25 to 38 form part of the financial statements.

The unaudited accounts were approved for issue by the Board on 1 June 2020, and the audited accounts were authorised for issue on 7 September 2020. The audited accounts are signed on behalf of the Board by:

**Paul Manning**  
**Treasurer of Lanarkshire Valuation Joint Board**  
**7 September 2020**



## Movement in Reserves Statement for the year ended 31 March 2020

This statement shows the movement in the year on the different reserves held by the Board, analysed into usable reserves and unusable reserves. The deficit on the provision of services shows the true economic cost of providing the Board's services, which is fully analysed in the Comprehensive Income and Expenditure Statement on page 19. This cost excludes other statutory charges to the General Fund balance. The net increase / (decrease) before transfers to / from other statutory reserves shows the statutory General Fund balance before any discretionary transfers to or from the other statutory reserves of the Board.

	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000
<b>Balance at 31 March 2019</b>	<b>424</b>	<b>424</b>	<b>(3,439)</b>	<b>(3,015)</b>
<b>Movement in Reserves during 2019/2020</b>				
Surplus on the provision of services	181	181	-	181
Other comprehensive income and expenditure	-	-	2,629	2,629
<b>Total comprehensive income and expenditure</b>	<b>181</b>	<b>181</b>	<b>2,629</b>	<b>2,810</b>
Adjustments between accounting basis and funding basis (note 5)	342	342	(342)	-
Net increase before transfers to / from other statutory reserves	523	523	2,287	2,810
Transfers to / from other statutory reserves	-	-	-	-
<b>Increase / (Decrease) in 2019/2020</b>	<b>523</b>	<b>523</b>	<b>2,287</b>	<b>2,810</b>
<b>Balance as at 31 March 2020</b>	<b>947</b>	<b>947</b>	<b>(1,152)</b>	<b>(205)</b>

# **Movement in Reserves Statement for the year ended 31 March 2019**

	General Fund Balance	<b>Total Usable Reserves</b>	Unusable Reserves	<b>Total Reserves</b>
	£000	£000	£000	£000
<b>Balance at 31 March 2018</b>	<b>298</b>	<b>298</b>	<b>(1,077)</b>	<b>(779)</b>
<b>Movement in Reserves during 2018/2019</b>				
Deficit on the provision of services	(707)	<b>(707)</b>	-	<b>(707)</b>
Other comprehensive income and expenditure	-	-	(1,529)	<b>(1,529)</b>
<b>Total comprehensive income and expenditure</b>	<b>(707)</b>	<b>(707)</b>	<b>(1,529)</b>	<b>(2,236)</b>
Adjustments between accounting basis and funding basis (note 5)	833	<b>833</b>	(833)	-
Net increase before transfers to / from other statutory reserves	126	<b>126</b>	<b>(2,362)</b>	<b>(2,236)</b>
Transfers to / from other statutory reserves	-	-	-	-
<b>Increase / (Decrease) in 2018/2019</b>	<b>126</b>	<b>126</b>	<b>(2,362)</b>	<b>(2,236)</b>
<b>Balance as at 31 March 2019</b>	<b>424</b>	<b>424</b>	<b>(3,439)</b>	<b>(3,015)</b>

## Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Board during the year. The statement shows how the Board generates and uses cash and cash equivalents by classifying them as either operating, investing or financing activities.

- The level of net cash arising from operating activities is a key indicator of the extent to which the operations of the Board are funded by way of taxation and grant income or from service users and constituent authorities.
- 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.
- There were no financing activities as the board had no requirement to borrow.

Further analysis of movements is provided in the cash flow notes following the statement.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
(707)	Net deficit / (surplus) on the provision of services	181
830	Adjust net deficit / (surplus) on the provision of service for non-cash movements	382
1	Adjust for items included in the net deficit / (surplus) on the provision of services that are investing and financing activities	5
<b>124</b>	<b>Net cash flows from operating activities</b>	<b>568</b>
0	Investing Activities	0
<b>124</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>568</b>
313	Cash and cash equivalents at 1 April	437
<b>437</b>	<b>Cash and cash equivalents at 31 March</b>	<b>1,005</b>

## Cash Flow Statement Note – Non Cash Movements

The balance of non-cash movements is made up of the following elements:

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
1	Depreciation, impairment and amortisation of assets	2
4	Movement in Debtors	(16)
(6)	Movement in Creditors	61
822	Movement in Pension Liability	336
10	Movement in the Employee Statutory Adjustment Account	4
(1)	Interest received	(5)
<b>830</b>	<b>Net Cash flows from the provision of services for non-cash movements</b>	<b>382</b>

### Cash Flow Statement Note – Operating Activities

The cash flows for operating activities include the following items:

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
1	Interest received	5
0	Interest paid	0
<b>1</b>	<b>Net cash flows from operating activities</b>	<b>5</b>

### Cash Flow Statement Note – Investing Activities

The cash flows for investing activities include the following items:

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
0	Purchase of property, plant, equipment and intangible assets	0
<b>0</b>	<b>Net cash flows from investing activities</b>	<b>0</b>

### Cash Flow Statement Note – Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
437	Short term deposits	1,005
<b>437</b>	<b>Total Cash and Cash Equivalents</b>	<b>1,005</b>

## **Notes to the Financial Statements**

### **Note 1: Accounting Policies**

#### **General Principles**

Lanarkshire Valuation Joint Board is required to prepare annual accounts by the Local Authority Accounts (Scotland) Regulations 2014, section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. The general policies adopted in compiling and presenting the Accounts are those recommended by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020 issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC), supported by International Financial Reporting Standards (IFRS). There are no significant departures from those recommendations.

The Annual Accounts has been prepared under the historic cost convention. All accounting policies have been applied consistently.

#### **Debtors and Creditors**

##### **Accruals basis**

The comprehensive income and expenditure statement is compiled on an accruals basis. Income and expenditure activities are accounted for in the year in which they take place, not simply when payments are made or received. Where goods and services have been sold but the income not received by 31 March 2020 or goods have been received but not paid for by 31 March 2020 then the income and expenditure account has been amended to reflect the outstanding amounts and a debtor or creditor for the relevant amount is recorded in the balance sheet.

##### **(i) Debtors**

All specific and material sums payable to the Board have been brought into account.

##### **(ii) Creditors**

Sundry Creditors are accrued on the basis of payments made during the first three weeks following 31 March 2020; together with specific accruals in respect of further material items.

##### **(iii) Accumulating Compensated Absences**

International Accounting Standard 19 (IAS19) states that 'an organisation should account for employment benefits when employees earn them and the authority is committed to providing them, even if the actual provision might be in future years.' All salaries and wages earned up to 31 March 2020 are included irrespective of when actual payments were made. The requirements of IAS 19 have been fully applied in the current year, in respect of annual leave provision, including recognition of the net liability and an accumulating compensated absences reserve in the Balance Sheet and entries in the comprehensive income and expenditure statement for movements in the liability relating to the scheme.

##### **(iv) Pension Costs**

The Board participates, through South Lanarkshire Council, in the Local Government Superannuation Scheme, which is managed by Glasgow City Council.

The cost of providing pensions for employees is charged to the comprehensive income and expenditure statement in accordance with the statutory requirements governing the particular pension schemes to which the Board contributes.

The requirements of IAS19 have been fully applied in the current year, including recognition of the net liability and a pensions reserve in the Balance Sheet and entries in the comprehensive income and expenditure statement for movements in the liability relating to the scheme. Previous year budget and expenditure information has been provided to allow comparability.

In assessing liabilities for retirement benefits for the 2019/2020 Annual Accounts, a discount rate based on the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme was used. The Actuary has advised that a rate of 2.3% per annum is appropriate (2018/2019 - 2.4%).

Actuarial Gains and Losses – changes in the net pension liability that arise because of events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pension Reserve.

#### **(v) Allocation of Central Support Expenses**

The allocation of Central Support Expenses is the cost of those South Lanarkshire central support departments which provide a service to the Board. The individual support departments are Administration Services, Personnel, Information Technology and Finance Services. The method of allocation is determined by each individual department and in most instances is a time based allocation of employee costs or the recharge of actual costs incurred. The recharge is made on a consistent basis.

#### **(vi) Borrowing Facilities**

The Board is a separate legal entity and has South Lanarkshire Council as its lead authority. The loans' fund of South Lanarkshire Council acts as banker to the Board and consequently lends or borrows according to the required cash flow and activities of the Board.

#### **(vii) Financial Instruments**

Where an instrument has a maturity of less than 12 months the fair value is taken to be the principal outstanding.

Creditors due within 12 months are not classed as a financial instrument.

#### **(viii) Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Board as a result of past events (for example, software licences) is capitalised when it is expected that it will bring benefits to the Board for more than 12 months.

Intangible Assets are measured at cost. The depreciable amount of an intangible asset is amortised over its useful life in the Comprehensive Income and Expenditure Statement. The useful life of these assets is deemed to be 5 years.

**Note 2: Prior Period Adjustments**

There are no prior period adjustments included within the 2019/2020 Annual Accounts.

**Note 3: Accounting Standards Issued but Not Adopted**

The Accounting Code of Practice requires the Board to disclose information relating to the impact of an accounting change that is required by a new standard that has been issued but not yet adopted.

For this disclosure, the standards introduced by the 2020/21 Code, which are required to be applied by 1 April 2020, and will be adopted by the Board on 1 April 2020 are:

- **Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures**

The amendments clarify that IFRS 9 applies to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

- **Annual Improvements to IFRS Standards 2015–2017 Cycle**

The amendments include clarifications of IFRS in the following areas:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: Previously held Interest in a Joint Operation
- IAS 12 Income Taxes: Income Tax consequences of Payments on Financial Instruments classified as Equity, and
- IAS 23 Borrowing Costs: Borrowing Costs Eligible for Capitalisation

- **Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement**

The amendments require that when a plan amendment, curtailment or settlement occurs during a reporting period entities use updated actuarial assumptions to determine current service cost and net interest for the remaining annual reporting period.

Adoption of the standards by the Board on 1 April 2020 is not expected to have a significant impact on the financial statements.

**Note 4: Critical Judgements in Applying Accounting Policies**

In applying the accounting policies, the Board is obliged to highlight whether it 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 a high degree of uncertainty about future levels of funding for local government in Scotland. However, the Board has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Board might be impaired as a result of a need to reduce levels of service provision.

**Note 5: Notes to the Expenditure and Funding Analysis - Adjustments Between Funding and Accounting Basis**

<b>2019/2020</b>				
	<b>Adjustments for Capital Purposes (note a) £000</b>	<b>Net Change for the Pensions Adjustments (note b) £000</b>	<b>Other Differences (note c) £000</b>	<b>Total Adjustments between Funding and Accounting Basis £000</b>
Employee Costs	-	232	4	236
Property Costs	-	-	-	-
Supplies and Services	-	-	-	-
Transport and Plant	-	-	-	-
Administration Costs	-	17		17
Payments to Other Bodies	-	-	-	-
Financing Charges	2	-	-	2
<b>Total Expenditure</b>	<b>2</b>	<b>249</b>	<b>4</b>	<b>255</b>
Income	-	-	-	-
<b>Net Cost of Services</b>	<b>2</b>	<b>249</b>	<b>4</b>	<b>255</b>
Financing and Investment Income and Expenditure	-	87	-	87
<b>Surplus or Deficit</b>	<b>2</b>	<b>336</b>	<b>4</b>	<b>342</b>

<b>2018/2019</b>				
	<b>Adjustments for Capital Purposes (note a) £000</b>	<b>Net Change for the Pensions Adjustments (note b) £000</b>	<b>Other Differences (note c) £000</b>	<b>Total Adjustments between Funding and Accounting Basis £000</b>
Employee Costs	-	773	10	783
Property Costs	-	-	-	-
Supplies and Services	-	-	-	-
Transport and Plant	-	-	-	-
Administration Costs	-	10	-	10
Payments to Other Bodies	-	-	-	-
Financing Charges	1	-	-	1
<b>Total Expenditure</b>	<b>1</b>	<b>783</b>	<b>10</b>	<b>794</b>
Income	-	-	-	-
<b>Net Cost of Services</b>	<b>1</b>	<b>783</b>	<b>10</b>	<b>794</b>
Financing and Investment Income and Expenditure	-	39	-	39
<b>Surplus or Deficit</b>	<b>1</b>	<b>822</b>	<b>10</b>	<b>833</b>



**Note a – Adjustment for Capital Purposes**

This column adds in depreciation and impairment and revaluation of gains and losses in the financing charges line.

**Note b – Net Change for the Pensions Adjustment**

Net change for the removal of pension contributions and the addition of IAS19 Employee benefits pension related expenditure and income:

- For Employee Costs and Administration Costs this represents the removal of the employer contributions made by the Board as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and Investment Income and Expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

**Note c – Other Differences**

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable /receivable to be recognised under statute:

- For Employee Costs this represents the accrual made for the cost of holiday/leave entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. These require to be included within the Net Cost of Services under generally accepted accounting practices, however, are not chargeable to the General Fund.

**Note 6: Adjustments between Accounting Basis and Funding Basis Under Regulations**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Board in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Board to meet future revenue expenditure.

	<b>Usable Reserves</b>	
	<b>£000</b>	<b>£000</b>
	<b>2019/20</b>	<b>2018/19</b>
<b>Adjustments to Revenue Resources</b>		
Pension Costs (transferred to (or from) the Pensions Reserve	(2,293)	2,351
Holiday Pay (transferred to the Employee Statutory Adjustment Account)	4	10
Reversal of entries in the surplus or deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	2	1
<b>Total Adjustments to Revenue Resources</b>	<b>(2,287)</b>	<b>2,362</b>
<b>Adjustments between Revenue and Capital Resources</b>		
Capital expenditure finance from revenue balances (transfer to Capital Adjustment Account)	-	-
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>-</b>	<b>-</b>
<b>Total Adjustments</b>	<b>(2,287)</b>	<b>2,362</b>
Total Comprehensive Income and Expenditure	2,810	(2,236)
Net Increase / (Decrease) before transfers to / from Reserves	523	126
<b>Increase / (Decrease) in year</b>	<b>523</b>	<b>126</b>

## **Note 7: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

The Annual Accounts contain estimated figures that are based on assumptions made by the Board about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Board's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<b>Items</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from Assumptions</b>
Pensions Liability	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, commissioned by Strathclyde Pension Fund, is engaged to provide the Board with expert advice about the assumptions to be applied.	<p>The effect on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £2.894m.</p> <p>However, the assumptions interact in complex ways. During 2019/2020, the actuaries advised that the net pension liability had decreased by: £3.178m attributable to the updating of financial assumptions; £1.066m attributable to changes in demographic assumptions; and £0.137m due to other experience. The net liability had increased by £1.752m due to the expected return on pension fund assets.</p>

## **Note 8: Events after the Balance Sheet**

The unaudited Annual Accounts were authorised for issue by the Treasurer of Lanarkshire Valuation Joint Board on 1 June 2020. There were no events that occurred between 1 April 2020 and the date that the Annual Accounts were authorised for issue that would have an impact on the financial statements.

## **Note 9: Contingent Liabilities**

A recent circular from the Scottish Public Pensions Agency (Local Government Pension Scheme 2020/04) refers to a ruling that same-sex survivors were originally entitled to survivor benefits, taking into account the member's service from 6 April 1978. Following the Goodwin Tribunal, regulatory amendments will now need to be made with effect from the same date to extend that entitlement to male survivors of female members.

While this could have a financial impact on future years' costs, any impact cannot be quantified. Given the uncertainty, no provision has been made in the Accounts.

**Note 10: Intangible Assets**

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation</b>		
At 1 April	8	8
Additions	0	0
<b>At 31 March</b>	<b>8</b>	<b>8</b>
<b>Accumulated Amortisation</b>		
At 1 April	4	3
Amortisation of Intangible Assets	2	1
<b>At 31 March</b>	<b>6</b>	<b>4</b>
<b>Net Book Value at 31 March</b>	<b>2</b>	<b>4</b>

**Note 11: Short Term Debtors**

The debtors figure comprises prepayments and is analysed as follows:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Information Technology Annual Support and Maintenance	24	21
Water Services	4	-
Insurance Services	8	-
General Supplies	1	-
<b>Total</b>	<b>37</b>	<b>21</b>

**Note 12: Short Term Creditors**

The creditors figure is analysed as follows:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Valuation Appeal Panel - Fees	0	25
North Lanarkshire Council - Convenor Salary	4	4
Accumulated Compensated Absences	41	37
Other	86	-
<b>Total</b>	<b>131</b>	<b>66</b>

### Note 13: Related Party Transactions

The Board is required to disclose material transactions with related parties. During the year transactions arose with the following related parties:

	2019/20		2018/19	
	Receipts	Payments	Receipts	Payments
	£000	£000	£000	£000
South Lanarkshire Council	2,102	487	1,813	482
North Lanarkshire Council	2,103	4	1,813	5
<b>Total</b>	<b>4,205</b>	<b>491</b>	<b>3,626</b>	<b>487</b>

The Board occupy the premises at the North Stand, Cadzow Avenue, Hamilton, ML3 0LU and are recharged for rent and other costs by South Lanarkshire Council. Included within payments to South Lanarkshire Council is a charge of £0.318m (2018/19: £0.318m) for the annual rental of office accommodation at Hamilton Academical's Football Stadium.

## Note 14: Defined Benefit Pension Schemes

As part of the terms and conditions of employment, the Board offers retirement benefits. The Board participates in the Local Government Pension Scheme (Strathclyde Pension Fund), a funded defined benefit scheme, administered by Glasgow City Council. The scheme is supported by contributions from both employer and employees.

### Transactions relating to Retirement Benefits

The cost of retirement benefit is recognised in the reported cost of services when it is earned by the Board's employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made against the requisition funding is based on the pension contributions payable by the Board in the year, and an adjustment is made in the Movement in Reserves Statement to this effect.

The following transactions have been made in the Comprehensive Income and Expenditure Statement.

<b>Comprehensive Income and Expenditure Statement</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Cost of Services:		
Service cost comprising:		
• Current service cost	825	709
• Past Service Cost (including curtailments)	(206)	439
Financing and Investment Income and Expenditure		
• Net interest expense	87	39
<b>Total post-employment benefit charged to the Deficit on the Provision of Services</b>	<b>706</b>	<b>1,187</b>
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
Re-measurement of the net defined benefit liability/(asset) comprising:		
• return on pension fund assets	(1,752)	806
• actuarial gains or losses arising on changes in demographic assumptions	1,066	-
• actuarial gains or losses arising on changes in financial assumptions	3,178	(2,325)
• actuarial gains or losses arising on changes in other experience	137	(10)
<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>2,629</b>	<b>(1,529)</b>
Net Charge to the Surplus/Deficit on the Provision of Services brought forward	706	1,187
<b>Movement In Reserves Statement</b>		
• reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the Code	(336)	(822)
<b>Actual amount charged against the General Fund balance for pensions in the year:</b>		
• employers' contributions payable to the scheme	370	365

## Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2019/20	2018/19
	£000	£000
Present value of the defined obligation	(26,356)	(29,791)
Fair value of pension fund assets	25,238	26,380
<b>Net liability arising from defined benefit obligations</b>	<b>(1,118)</b>	<b>(3,411)</b>

A reconciliation of the Board's share of the present value of the Fund's defined obligation is as follows:

	2019/20	2018/19
	£000	£000
Opening Balance at 1 April	(29,791)	(25,879)
Current Service Cost	(825)	(709)
Interest Cost	(720)	(710)
Contributions by scheme participants	(120)	(117)
Re-measurement gains / (losses)		
• actuarial gains / (losses) arising on changes in demographic assumptions	1,066	-
• actuarial gains / (losses) arising from changes in financial assumptions	3,178	(2,325)
• actuarial gains / (losses) arising from changes in other experience	137	(10)
Past service gains / (losses)	206	(439)
Settlements and curtailments	-	-
Estimated Unfunded benefits paid	25	24
Estimated Benefits paid	488	374
<b>Closing Balance at 31 March</b>	<b>(26,356)</b>	<b>(29,791)</b>

A reconciliation of the movement in the Board's share of the fair value of the Fund's assets is as follows:

	2019/20	2018/19
	£000	£000
Opening Fair Value of Pension Fund Assets	26,380	24,819
Interest Income	633	671
Re-measurement gains and (losses)		
• expected return on pension fund assets	(1,752)	806
• actuarial gains and losses	-	-
The effect of changes in foreign exchange rates	-	-
Contributions by members	120	117
Contributions by the employer	345	365
Contributions in respect of Unfunded Benefits	25	(24)
Benefits Paid	(513)	(374)
<b>Closing Fair Value of the Scheme Assets</b>	<b>25,238</b>	<b>26,380</b>

## Analysis of Pension Fund Assets

	31 March 2020			31 March 2019		
	Quoted prices in active markets	Quoted prices not in active markets	Total	Quoted prices in active markets	Quoted prices not in active markets	Total
	£000	£000	£000	£000	£000	£000
Cash and Cash Equivalents	1,299	1,252	2,551	1,358	1,309	2,667
Equity Instruments	5,822	15	5,837	6,085	16	6,101
Debt Instruments	792	0	792	828	-	828
Real Estate	0	2,285	2,285	-	2,388	2,388
Derivatives	1	0	1	1	-	1
Private Equity	0	3,016	3,016	-	3,152	3,152
Investment Funds	8,284	2,472	10,756	8,659	2,584	11,243
Asset Backed Securities	0	0	0	-	-	-
Structured Debt	0	0	0	-	-	-
<b>Total</b>	<b>16,198</b>	<b>9,040</b>	<b>25,238</b>	<b>16,931</b>	<b>9,449</b>	<b>26,380</b>

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, to provide an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme has been assessed by Hymans Robertson LLP, an independent firm of actuaries, with estimates for the Strathclyde Pension Fund being based on the latest valuation of the scheme as at 31 March 2017.

The principal assumptions used by the actuary were:

	2019/20	2018/19
	Years	Years
<b>Mortality Assumptions:</b>		
Longevity at 65 for current pensioners		
• Male	20.7	21.4
• Female	22.9	23.7
Longevity at 65 for future pensioners		
• Male	22.2	23.4
• Female	24.6	25.8
<b>Financial Assumptions:</b>	%	%
Rate of inflation / pension increase rate	1.9	2.5
Rate of increase in salaries	3.0	3.7
Expected return on assets	2.3	2.4
Rate for discounting scheme liabilities	2.3	2.4
Take up option to convert annual pension into retirement lump sum Pre April 2009 / (Post April 2009)	50 (75)	50 (75)

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period

and assumes for each change that the assumptions analysed changes while all the other assumptions remain constant:

	<b>Approximate % increase in employer's liability</b>	<b>Approximate monetary amount</b>
<b>Change in assumption at 31 March 2020</b>		<b>£000</b>
0.5% decrease in real discount rate	11%	2,920
1 year increase in member life expectancy	3 – 5%	N/A
0.5% increase in the salary increase rate	2%	603
0.5% increase in the pension increase rate	9%	2,263

### **Asset and Liability Matching Strategy**

The Fund has an asset and liability matching (ALM) strategy that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The Fund has matched assets to the pension obligations by investing in long-term fixed interest securities and index linked gilt edged investments with maturities that match the benefits payments as they fall due. A large proportion of the assets relate to equities (69%) and bonds (12%). The scheme also invests in properties (9%) and cash (10%). The comparative year's figures for equities and bonds are 69% and 12% respectively. The ALM strategy is monitored annually or more frequently if necessary.

### **Impact on the Board's Cash Flow**

The objectives of the fund are to keep employers' contributions at a constant a rate as possible. The Fund has an agreed strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating local authorities. Employers' contributions have been set at 19.3% for 2019/2020 based on the last triennial valuation completed on 31 March 2017. Following completion of the triennial valuation as at 31 March 2017, employers' contribution rates have been set at 19.3% for the next year (2020/2021).

The total contributions expected to be made by the Board to the Fund for the year ending 31 March 2021 is approximately £0.345m.

The weighted average duration of the defined benefit obligation for Fund members is 22 years.

### **Note 15: External Audit Costs**

The Board has incurred the following external audit costs:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	7	7
<b>Total</b>	<b>7</b>	<b>7</b>



**Note 16: Grant Income**

The following Government Grants were received during the year:

	2019/20	2018/19
	£000	£000
Cabinet Office Funding	296	297
Scottish Government Grant – Barclay Review	455	-
<b>Total</b>	<b>751</b>	<b>297</b>

**Note 17: Balance Sheet – Reserves**

Unusable Reserves	2019/20				2018/19			
	Capital Adjustment Account	Pension Reserve	Employee Statutory Adj. Account	Total	Capital Adjustment Account	Pension Reserve	Employee Statutory Adj. Account	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Opening Balance 1 April	4	(3,411)	(32)	(3,439)	5	(1,060)	(22)	(1,077)
Movement in Pension Reserve	-	2,293	-	2,293	-	(2,351)	-	(2,351)
Movement in Annual Leave Accrual	-	-	(4)	(4)	-	-	(10)	(10)
Capital Expenditure charged against the General Fund	-	-	-	-	-	-	-	-
Amortisation of Intangible Assets	(2)	-	-	(2)	(1)	-	-	(1)
<b>Closing Balance as at 31 March</b>	<b>2</b>	<b>(1,118)</b>	<b>(36)</b>	<b>(1,152)</b>	<b>4</b>	<b>(3,411)</b>	<b>(32)</b>	<b>(3,439)</b>

Usable Reserves	2019/20		2018/19	
	General Fund Reserve	Total	General Fund Reserve	Total
	£000	£000	£000	£000
Opening Balance 1 April	424	424	298	298
Increase / (Decrease) in Reserve	523	523	126	126
<b>Closing Balance as at 31 March</b>	<b>947</b>	<b>947</b>	<b>424</b>	<b>424</b>

### **Note 18: Financing and Management of Liquid Resources**

Liquid resources are held by South Lanarkshire Council as lead authority and are available to the Board as required.

### **Note 19: Comprehensive Income and Expenditure statement – financing and investment income and expenditure**

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Pension Interest Cost and Expected Return on Pensions Assets	87	39
<b>Total</b>	<b>87</b>	<b>39</b>

### **Note 20: Going Concern**

As at 31 March 2020, the Balance Sheet of the Board shows a Net Liability position of £0.205m. This is made up of a net Long Term Pension Liability of £1.118m and net assets of £0.913m.

There are statutory arrangements for funding the long-term deficit in respect of the net pension liability and the statutory accumulated absences, as detailed in the Movement in Reserves Statement on page 21, leaving a General Fund Reserve of £0.947m to be carried forward for use in future years. This will be taken into account in future years' budget strategies.

## **Independent auditor's report to the members of Lanarkshire 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 Lanarkshire Valuation Joint Board for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view, in accordance with applicable law and the 2019/20 Code, of the state of affairs of Lanarkshire Valuation Joint Board as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 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 under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is four years. I am independent of the Lanarkshire 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 the Lanarkshire 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 nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Lanarkshire Valuation Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Risks of material misstatement**

I have reported in a separate Annual Audit Report, which is available from the Audit Scotland website, the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

## **Responsibilities of the Treasurer and Lanarkshire 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 the Lanarkshire Valuation Joint Board's ability to continue as a going concern, disclosing, as appropriate, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Lanarkshire Valuation Joint Board is responsible for overseeing the financial reporting process.

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

My objectives are to achieve 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 economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting 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. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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

## **Other information in the annual accounts**

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. 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 matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

## **Report on other requirements**

### **Opinions on matters prescribed by the Accounts Commission**

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

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; or

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 120 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.

**Dave Richardson FCCA**  
**Senior Audit Manager,**  
**Audit Scotland**  
**4th Floor, The Athenaeum Building**  
**8 Nelson Mandela Place, Glasgow, G2 1BT**

**7 September 2020**



# Report

6

Report to:	<b>Lanarkshire Valuation Joint Board</b>
Date of Meeting:	<b>7 September 2020</b>
Report by:	<b>Assessor and Electoral Registration Officer</b>

Subject:	<b>Lanarkshire Valuation Joint Board Office Relocation</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ seek the approval of members of the Joint Board to relocate Lanarkshire Valuation Joint Board (LVJB) staff from the North Stand, Cadzow Avenue, Hamilton to David Dale House, John Street, Blantyre

## 2. Recommendation(s)

2.1. The Board is asked to approve the following recommendation(s):-

- (1) that approval be granted to relocate LVJB staff from the North Stand, Cadzow Avenue, Hamilton to David Dale House, John Street, Blantyre.

## 3. Background

- 3.1. South Lanarkshire Council (SLC) entered into a lease agreement with Hamilton Academicals Football Club Stadium Ltd for offices at the North Stand, Cadzow Avenue, Hamilton in 2001. The North Stand provides office accommodation over three floors and this space is currently occupied by LVJB on the ground floor and South Lanarkshire Leisure and Culture on the remaining floors.
- 3.2. The lease runs until 26 May 2021 and the total annual cost to LVJB associated with the ground floor accommodation is £318,534 per annum. This is noted at Appendix 1.
- 3.3. As the end of the lease is approaching, LVJB's Management Team has been actively considering suitable accommodation to meet its future needs.
- 3.4. South Lanarkshire Council is of the view that the lease will not be renewed as the Council has no operational requirement for the space and can offer both current occupiers of the property alternative accommodation. Accordingly, LVJB's Management Team has, in conjunction with South Lanarkshire Council Property Services, been exploring the possibility of remaining in the North Stand, entering into a lease agreement with Hamilton Academicals Football Club Stadium Ltd, or moving to alternative accommodation.

#### **4. LVJB Requirements**

- 4.1. An options appraisal, based on the criteria set out in Appendix 2, was conducted by LVJB's management team in respect of suitable accommodation for LVJB and its staff. Whilst staff have been able to work from home during the recent period, the management team recognise that this is not particularly conducive to on the job training within an office environment, particularly with trainee staff of which LVJB has a relatively high proportion. Furthermore, not all LVJB employees can utilise their own homes readily to meet home working requirements.
- 4.2. As part of the assessment for a suitable new office, LVJB's management team has considered the ability of the new office being able to accommodate two metre social distancing to facilitate future working practices which are likely to consist of a blend of home and office based working for all employees.

#### **5. Options**

- 5.1. Several options were considered:-

- ◆ remain at North Stand
- ◆ private rented office space
- ◆ existing SLC Property Stock

5.2. Remain at North Stand

Negotiations took place between SLC Property Services, LVJB Management Team representatives and Hamilton Academicals Football Club Stadium Ltd. Although more favourable leasehold arrangements were offered, it was felt that the persistent issues of water penetration, heating issues stemming from having a solid concrete floor and a heating and ventilation system, which required regular repair, did not lend itself to entering into a leasehold situation, particularly on the new terms offered.

5.3. Private Rented Office Space

LVJB was assisted in the search for private rented office space by the Property Manager (Assets and Estates Services), Housing and Technical Resources of South Lanarkshire Council. The search uncovered no suitable office space available to let on the market.

5.4. Existing SLC Property Stock

LVJB's management team considered a number of available SLC properties, set against the criteria outlined in Appendix 2. Following that exercise, it was decided by LVJB's Management Team that the most suitable accommodation is at David Dale House in Blantyre. The ground floor of this three storey property is available, with SLC Finance and Corporate Resources occupying the upper floors. LVJB staff would share kitchen facilities with the existing building occupiers. This move also offers a degree of synergy in terms of business functions and integrated IT, given that the first floor is occupied by SLC's non-domestic and Council Tax billing operations. The Council is the leaseholder of the whole building, the lease for which is in place until 6 August 2030, with a rent review at 7 August 2025.

#### **6. Relative Costs of Occupation**

- 6.1. With no suitable private rented office space available and with David Dale House considered the most suitable premises, a relative cost of occupation comparison has been undertaken between the options of remaining at North Stand and moving to David Dale House. This is contained in Appendix 1 to this report.



- 6.2. Appendix 1 illustrates the current cost of occupation of the North Stand, the cost of occupation of the North Stand if LVJB were to continue occupying the offices and the prospective costs associated with the occupation of David Dale House. The service charge element of occupying David Dale House is to be reviewed on a three yearly basis.

## **7. Associated Costs**

- 7.1. If LVJB is to move to David Dale House, the Property Manager (Assets and Estates Services), Housing and Technical Resources of SLC has confirmed that SLC would address any dilapidations due in respect of LVJB's current office accommodation, estimated to be a cost in the region of £100,000. Similarly, SLC Property Services have advised that at the end of the lease for David Dale House at 6 August 2030, SLC will accommodate any dilapidation works for the property, at no cost to LVJB. Furthermore, SLC Property Services have advised that the actual move to David Dale House would be facilitated by a team from SLC Property Services, again at no cost to LVJB.
- 7.2. Should LVJB occupy David Dale House, there would be the requirement to have the office refitted to an acceptable specification and layout. LVJB's contribution would be £195,000 towards this. It is proposed that this cost be met by LVJB reserves, with SLC taking responsibility for planning and organising the fit out in consultation with LVJB. To stay in LVJB's current accommodation will also require a degree of internal refurbishment, given that the office has been occupied for circa 20 years without any such refurbishment, however, no cost information has been estimated.
- 7.3. Options are being explored for the creation of extra car parking within the building surrounds, including a re-configuration of the existing car park, however, the project is dependent upon obtaining the Landlord's consent. This requirement for car parking was identified prior to the current lockdown and LVJB's parking requirements will be reviewed in light of the likelihood that staff will work on a rota of home working and office based working for the foreseeable future, thus reducing the number of parking spaces previously identified as being required.

## **8. Recommendation**

- 8.1. Based on all of the above, LVJB's management team request that the Board approve the move to the Ground Floor of David Dale House, Blantyre, at a rent of £92,743 per annum until 6 August 2025, with a rent of £102,396, thereafter, and associated costs illustrated at Appendix 1 until the end of the lease at 6 August 2030. This recommendation follows full discussions with SLC's Property Asset Manager and the Executive Director of Finance and Corporate Resources at South Lanarkshire Council.

## **9. Employee Implications**

- 9.1. Employees are entitled to travelling expenses to and from the office where additional expense is incurred for such travel, in accordance with SLC Policy, Travel and Subsistence - Conditions of Service. The maximum cost of this is circa £6,000 per annum for a maximum period of four years.

## **10. Financial Implications**

- 10.1. The relocation to David Dale House will utilise £195,000 of LVJB reserves and there will be an estimated annual saving of £117,791 compared to LVJB's current office accommodation costs until 7 August 2025 and, thereafter, £108,138 per annum. These savings do not take into account any increase in service charges going forward. There would also be an estimated annual saving of £68,227 until 7 August 2025 compared to remaining at the North Stand on the new terms being offered and, thereafter, £58,574 per annum. Again, these do not reflect any increase in service charge in future years.

10.2. The projected savings effectively to each local authority, excluding any future service charge increases, compared to current office accommodation costs is circa £59,000 per annum until 7 August 2025, and circa £54,000 per annum thereafter.

**11. Climate Change, Sustainability and Environmental Implications**

11.1. There are no climate change, sustainability or environmental implications in terms of the information contained in this report.

**12. Other Implications**

12.1. There are no implications for risk in terms of the information contained in this report.

**13. Equality Impact Assessment and Consultation Arrangements**

13.1. This report does not introduce a new policy, function or strategy or recommend a change to existing policy, function or strategy and, therefore, no impact assessment is required.

13.2. There is no requirement for consultation in respect of this report.

**14. Privacy Impact Assessment**

14.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

**Gary Bennett BSc MSc AEA (Cert-Scotland) MRICS IRRV (Hons)**  
**Assessor and Electoral Registration Officer**

20 August 2020

**Previous References**

♦ None

**List of Background Papers**

♦ None

**Contact for Further Information**

If you require further information, please contact:-

Gary Bennett, Assessor and Electoral Registration Officer

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## Cost Comparison

	<b>Current North Stand</b>	<b>Prospective North Stand</b>	David Dale House
Floor area (sq.m.)	1,118	1,118	999.75
Existing Rent	£162,357	£102,793	£92,743
Service Charge.  Includes: rates payable, car parking, electricity, gas, cleaning contract, concierge services, water, insurance, repairs/maintenance, cleaning materials, refuse, sundry equipment.	£156,177	£156,177	£108,000
Sinking Fund	£0	£10,000	£0
<b>Total</b>	<b>£318,534</b>	<b>£268,970</b>	<b>£200,743</b>

# LVJB Office Move Requirements

Number of Staff Relocating	66 (allow expansion of +6 due to Barclay Review Requirements)
Floor space Required	900 to 1,100 sq.m. to accommodate social distancing at 2m.
Internal Requirements:	7 Individual Offices
	Primarily Open Plan
	Meeting Room
	Kitchen Facility
	Comms Room
	Small Filing Storage Capability
	Male/Female/Disabled Toilets
	Printing Area
	Access Controls for Shared Areas (if Any)
	4 Meeting booths (2 Persons Each)
	Reception
	Easy Public Access (including disabled access) to Allow the Public to Register to Vote (Especially at Election Times)
	Training Space for Annual Canvass of Electors
	Functional Heating and Air Conditioning
External Requirements:	Easy Access for Pallet Delivery of Annual Canvass Forms
	Disabled Access for Staff and Public
	Adequate Car Parking for Staff and Visitors (Circa 60 Spaces)(Staff Use Cars for Business)
	Disabled Car Parking
	CCTV
	Secure Access Control
	Ability to Accommodate IT Infrastructure

# Report

7

Report to:	<b>Lanarkshire Valuation Joint Board</b>
Date of Meeting:	<b>7 September 2020</b>
Report by:	<b>Clerk to the Lanarkshire Valuation Joint Board</b>

Subject:	<b>Timetable of Future Meetings</b>
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## 1. Purpose of Report

1.1 The purpose of the report is to:-

- ◆ advise members of the proposed timetable of meetings for the Lanarkshire Valuation Joint Board for 2021 and 2022.

## 2. Recommendation(s)

2.1 The Board is asked to approve the following recommendation(s):-

- (1) that the arrangements for future meetings of the Joint Board be approved.

## 3. Background

3.1 In terms of Standing Order No 2 of the Standing Orders on Procedures, the Board normally holds its meetings on the first Monday of every third month commencing in March of each calendar year. The proposed arrangements for the meetings of the Joint Board for 2021 and 2022 are as follows:-

<b>Board Meeting</b>	<b>Time</b>
Monday 1 March 2021	2.00pm
Monday 7 June 2021	2.00pm
Monday 6 September 2021	2.00pm
Monday 6 December 2021	2.00pm
Monday 7 March 2022	2.00pm

## 4. Employee Implications

4.1 None

## 5. Financial Implications

5.1 None

## 6. Climate Change, Sustainability and Environmental Implications

6.1 There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

## 6. Other Implications

6.1 There are no risk implications in terms of the information contained in this report.

## **7. Equality Impact Assessment and Consultation Arrangements**

- 7.1 This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 7.2 There is also no requirement to undertake any consultation in terms of the information contained in the report

**Cleland Sneddon**  
**Clerk to the Board**

18 August 2020

### **Previous References**

- ◆ None

### **List of Background Papers**

- ◆ Standing Orders on Procedures

### **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

Pauline MacRae, Administration Adviser

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E-mail: [pauline.macrae@southlanarkshire.gov.uk](mailto:pauline.macrae@southlanarkshire.gov.uk)

# Report

8

Report to:	<b>Lanarkshire Valuation Joint Board</b>
Date of Meeting:	<b>7 September 2020</b>
Report by:	<b>Assessor and Electoral Registration Officer</b>

Subject:	<b>Progress Update</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide an overview of the service to members
- ◆ outline current issues and service priorities
- ◆ provide an update on performance
- ◆ highlight issues affecting the future direction of the Joint Board

## 2. Recommendation(s)

2.1 The Board is asked to approve the following recommendation(s):-

- (1) that the content of the report be noted.

## 3. Service Overview and Priorities

### 3.1. Electoral Registration

#### 3.1.1 Annual Canvass Reform

Work is underway for this year's annual canvass of electors. The tasks associated with file production including the new data matching element of canvass reform, using both national testing data and local data, has been carried out. The first issue of canvass forms commenced the week beginning 10 August with circa 65,000 properties being issued with a canvass form where details cannot be fully matched. Non-responding properties will get a further communication in September. Where no response is made to this, as with previous canvasses, further follow up action is required, including household visits. Preparations for the door to door element of the annual canvass are also underway, with appropriate attention being given to carrying out household visits during the current pandemic, including the provision of personal protective equipment (PPE) for canvassers. LVJB's management team is currently considering guidance produced by the Electoral Commission and Public Health Scotland in this regard.

A further 246,000 "Communication A" forms are to be issued in the week commencing 17 August. These forms represent the properties where details have been fully matched and a response is not required unless the details contained in the communication does not reflect the eligible electorate within the household.

### **3.1.2 Individual Electoral Registration (IER)**

Funding of £20,439 has been allocated to LVJB from the Cabinet Office in relation to IER for the period 2020/21. The amount reflects the reduction of costs expected as a result of the canvass reform measures which come into practice for this year's annual canvass of electors, including a significant reduction of the number of households expected to be visited.

### **3.1.3 Elections Held Since Last Board Meeting**

There have been no elections since the last meeting of the Board. The Local Government by-election for Ward 14 Thorniewood, North Lanarkshire, previously postponed due to the coronavirus pandemic, is scheduled for 19 November 2020. Another Local Government by-election has also been scheduled for the same day for Ward 13 Fortissat, North Lanarkshire.

## **3.2. Non-Domestic Valuation**

A summary of information in this area can be found in Appendices 1.1 to 1.5.

### **3.2.1 Changes to the 2017 Valuation Roll (Running Roll)**

These are highlighted in Appendices 1.1 and 1.2 for the period 1 April 2020 to 1 August 2020.

### **3.2.2 2005 Valuation Roll Appeals (Revaluation and Running Roll)**

A summary of the position with 2005 Revaluation and Running Roll appeals is contained in Appendix 1.3.

### **3.2.3 2010 Valuation Roll Appeals (Revaluation and Running Roll)**

A summary of the position with 2010 Revaluation and Running Roll appeals is contained in Appendix 1.4.

### **3.2.4 2017 Valuation Roll Appeals (Revaluation and Running Roll)**

A summary of the position with regards to 2017 Revaluation and Running Roll appeals is contained in Appendix 1.5. Table 2 includes some of the voluminous levels of appeals recently received in connection with the coronavirus pandemic. The figure is likely to increase as some appeals are still being audited before they are logged into LVJB's core valuation software application. Discussions are underway with the Scottish Assessors' Association, ratepayers and their representatives, Valuation Appeal Panel representatives, and the Scottish Government in relation to a way forward to deal with the unprecedented number of appeals.

## **3.3. Council Tax**

A summary of information in this area can be found in Appendices 2.1 to 2.4.

### **3.3.1 New Houses**

A summary of the position for the period 1 April 2020 to 1 August 2020 is contained at Appendix 2.2.

### **3.3.2 Proposals and Appeals**

Appendices 2.3 and 2.4 contain information on Council Tax proposals and appeals.

## **4. Staffing**

4.1. Since the last Board meeting, there have been no new staff recruited, or any staff leaving the organisation.



4.2. Staff absence levels for the last year are summarised in Appendix 3.0.

## 5. Other Matters

### 5.1. Complaints Received and Dealt with Since Last Progress Update Report

Three complaints have been received since the last meeting of the Board, two relating to the grants scheme for businesses which is based on Valuation Roll entries, and one relating to electoral registration. All three are currently being considered in line with LVJB's complaints handling procedure.

### 5.2. Complaints to the Ombudsman

No decisions have been received from the Scottish Public Services Ombudsman (SPSO) since the last meeting of the Board.

### 5.3. Barclay Review Implementation

The Non-Domestic Rates (Scotland) Act 2020 is now in force, and preparatory work continues to ensure that LVJB is in a position to undertake all new statutory undertakings contained within the Act.

The following is a summary of the progress in connection with the principal sections of the Act which affect matters relating to the Valuation Roll:-

- Section 2 – (amends the definition of “year of revaluation” such that, after 2022, revaluations will be carried out every three years, rather than every five years).  
**Progress update;** work is underway in respect of the review of both Assessor Information Notices and Practice Notes in connection with the next revaluation. The Scottish Assessors' Association (SAA) has developed a project plan for the revaluation, which is monitored at SAA meetings. A LVJB Revaluation Strategy Group has been formed, similar to that undertaken in connection with the 2017 non-domestic revaluation, to oversee the revaluation.
- Section 3 – (inserts a new section into the Local Government (Scotland) Act 1975 requiring an Assessor to include a mark in appropriate entries in the Valuation Roll to show that it relates to newly built lands and heritages, or to improved lands and heritages. The local authority will be able to use this mark to identify properties which may be eligible for business growth accelerator relief).  
**Progress update;** discussions continue with LVJB's valuation software providers in respect of system adjustments to incorporate the marker.
- Section 5 – (amends section 19 of the Local Government (Financial Provisions) (Scotland) Act 1963 to require that certain subjects contained within parks should be entered in the Valuation Roll. The subjects to be entered are those which are occupied by a person or body other than a local authority or the Crown, or where persons may be required to pay for access to facilities or for goods or services).  
**Progress update;** initial work is underway to identify these subjects. Consideration is currently being given as to how sufficient survey details can be ascertained without the requirement to undertake physical site visits during the current pandemic.

- Section 9 - Amends section 3 of the 1975 Act to allow Ministers to prescribe that Assessors must give ratepayers additional information at Revaluation.  
**Progress update;** discussions have been undertaken within the Scottish Assessors' Association with regards to the provision of information at the SAA Portal in respect of the next revaluation.
- Section 10 - Makes significant changes to the appeal arrangements enabling a "proposal" to be made to the Assessor in the first instance. Where no agreement is reached as to what should be done about a proposal, an appeal may be submitted to the Valuation Appeal Committee. Whilst this section sets out the basic framework, much of the detail of the procedure (including whether any fee may be charged for making a proposal or an appeal) will be contained within secondary legislation. It is anticipated that the Scottish Government will undertake a consultation exercise on the format of those Regulations.  
**Progress update;** a consultation on the revised non-domestic appeal system is currently awaited from the Scottish Government.
- Section 26 - Gives powers for Assessors to issue Assessors Information Notices (AINs) requiring the return of information which the Assessor may reasonably require for the purposes of exercising his/her functions in relation to non-domestic rates in respect of the lands and heritages set out in the notice. Information may be requested from the Proprietor, Tenant or Occupier or any person who the Assessor thinks has the information.  
**Progress update;** no AINs are currently being issued pending the provision, by way of regulations, for appeal rights in connection with civil penalties.
- Section 30 provides for civil penalties to be issued for failure to return requested information within certain time periods.  
**Progress update;** a Scottish Government consultation on draft regulations to appeal rights in connection with civil penalties is now underway.

#### 5.4. **Coronavirus Pandemic**

LVJB's Business Continuity/Emergency Planning arrangements have continued since the announcement of the nationwide lockdown. Focus remains on the welfare of staff and enabling homeworking in order that, in particular, statutory undertakings continue to be undertaken. In addition to this, LVJB's management team undertook a risk assessment and developed safe systems at work, involving LVJB's health and safety representatives, to enable a small number of staff to work from the office at any one time where such staff are of the view that they could not work from home on a regular basis. This excludes any staff who were notified by the health authorities to shield.

Personal protective equipment (PPE) has been purchased for each staff member and markings, together with explicit guidance, has been issued for compliance in respect of any staff attending the workplace. The roll out of laptop computers, which include for softphone technology, has enabled phone lines once again to be opened and facilitates calls to be managed remotely. The office, however, remains closed to the public and no site visits are being undertaken at present, although a risk assessment and safe systems at work review is being undertaken in respect of survey work.

Discussions are on-going with the Secretary and Chair to the Lanarkshire Valuation Appeal Panel with regards to how committee hearings can be undertaken during the current pandemic. The facilitation of the hearings is key to assisting with meeting statutory deadlines in respect of non-domestic appeal disposals, and also to assist with dispute resolution in connection with Council Tax appeals. A project is underway to have the non-domestic files scanned and indexed into LVJB's document electronic management system to allow for appeals to be discussed by staff whilst working from home.

## **6. Employee Implications**

6.1. See 4 above.

## **7. Financial Implications**

7.1. None.

## **8. Climate Change, Sustainability and Environmental Implications**

8.1. There are no climate change, sustainability or environmental implications in terms of the information contained in this report.

## **9. Other Implications**

9.1. There are no implications for risk in terms of the information contained in this report.

## **10. Equality Impact Assessment and Consultation Arrangements**

10.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

10.2. There is no requirement for consultation in respect of this report.

## **11. Privacy Impact Assessment**

11.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

**Gary Bennett BSc MSc AEA (Cert-Scotland) MRICS IRRV (Hons)**  
**Assessor and Electoral Registration Officer**

31 August 2020

## **Previous References**

♦ Progress Update Report for Board meeting of 2 March 2020

## **List of Background Papers**

♦ None

## **Contact for Further Information**

If you require further information, please contact:-

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**Alterations made to the Valuation Roll (including appeal adjustments) between 01/04/2020 and 01/08/2020**

Area	AS AT 01/04/20		ADDED		DELETED		ALTERED		AS AT 01/08/2020	
	SUBJECTS	RV	SUBJECTS	RV	SUBJECTS	RV	SUBJECTS	RV	SUBJECTS	RV
<b>North Lanarkshire</b>	10,338	294,259,225	15	41,300	8	66,000	74	-602,030	10,345	293,632,495
<b>South Lanarkshire</b>	10,670	751,970,325	6	38,460	10	71,800	17	-8,110,400	10,666	743,826,585
<b>LVJB total</b>	<b>21,008</b>	<b>£1,046,229,550</b>	<b>21</b>	<b>£79,760</b>	<b>18</b>	<b>£137,800</b>	<b>91</b>	<b>-£8,712,430</b>	<b>21,011</b>	<b>£1,037,459,080</b>

## Summary of time taken to make alterations (excluding appeal adjustments) to the Valuation Roll

**Period: 1 April 2020 to 1 August 2020**

Area	Total altered	altered < 3 months		altered 3 to 6 months		altered > 6 months	
	No.	No.	%age	No.	%age	No.	%age
<b>North Lanarkshire</b>	36	21	58.33%	14	38.89%	1	2.78%
<b>South Lanarkshire</b>	29	23	79.31%	5	17.24%	1	3.45%
<b>LVJB totals</b>	<b>65</b>	<b>44</b>	<b>67.69%</b>	<b>19</b>	<b>29.23%</b>	<b>2</b>	<b>3.08%</b>

## Valuation Roll Appeals: Revaluation and Running Roll 2005

### 1. Revaluation Appeals

Area	Appeals received since 2005 Valuation Roll	Appeals resolved as at 1 August 2020	Appeals heard but awaiting stated case for appeal to Lands Valuation Appeal Court	Rateable Value of Appeals in process of appeal to LVAC	Appeals outstanding awaiting determination of Lands Tribunal for Scotland	Rateable Value of Outstanding Appeals awaiting determination of LT	Appeals Outstanding as at 1 August 2020
North Lanarkshire	3,921	3,917	0	£0	4	£85,250	4
South Lanarkshire	3,148	3,146	0	£0	2	£82,400	2
<b>LVJB total</b>	<b>7,069</b>	<b>7,063</b>	<b>0</b>	<b>£0</b>	<b>6</b>	<b>£167,650</b>	<b>6</b>

### 2. Running Roll Appeals

Area	Appeals received since 2005 Valuation Roll	Appeals resolved as at 1 August 2020	Appeals heard but awaiting stated case for appeal to Lands Valuation Appeal Court	Rateable Value of Appeals in process of appeal to LVAC	Appeals outstanding awaiting determination of Lands Tribunal for Scotland	Rateable Value of Outstanding Appeals awaiting determination of LT	Appeals Outstanding as at 1 August 2020
North Lanarkshire	2,023	2,022	0	£0	1	£36,500	1
South Lanarkshire	1,695	1,693	0	£0	2	£90,050	2
<b>LVJB total</b>	<b>3,718</b>	<b>3,715</b>	<b>0</b>	<b>£0</b>	<b>3</b>	<b>£126,550</b>	<b>3</b>

## Valuation Roll Appeals: Revaluation and Running Roll 2010

### 1. Revaluation Appeals

Area	Appeals received since 2010 Valuation Roll	Appeals resolved as at 1 August 2020	Appeals heard but awaiting stated case for appeal to Lands Valuation Appeal Court	Rateable Value of Appeals in process of appeal to LVAC	Appeals outstanding awaiting determination of Lands Tribunal for Scotland	Rateable Value of Outstanding Appeals awaiting determination of LT	Appeals Outstanding as at 1 August 2020
North Lanarkshire	4,460	4,458	0	£0	2	£18,600	2
South Lanarkshire	3,103	3,100	0	£0	3	£100,300	3
<b>LVJB total</b>	<b>7,563</b>	<b>7,558</b>	<b>0</b>	<b>£0</b>	<b>5</b>	<b>£118,900</b>	<b>5</b>

### 2. Running Roll Appeals

Area	Appeals received since 2010 Valuation Roll	Appeals resolved as at 1 August 2020	Appeals heard but awaiting stated case for appeal to Lands Valuation Appeal Court	Rateable Value of Appeals in process of appeal to LVAC	Appeals outstanding awaiting determination of Lands Tribunal for Scotland	Rateable Value of Outstanding Appeals awaiting determination of LT	Appeals Outstanding as at 1 August 2020
North Lanarkshire	5,480	5,478	0	£0	2	£28,900	2
South Lanarkshire	6,727	6,724	0	£0	3	£100,000	3
<b>LVJB total</b>	<b>12,207</b>	<b>12,202</b>	<b>0</b>	<b>£0</b>	<b>5</b>	<b>£128,900</b>	<b>5</b>

## Valuation Roll Appeals: Revaluation and Running Roll 2017

### 1. Revaluation Appeals

Area	Appeals received since 2017 Valuation Roll	Appeals resolved as at 1 August 2020	Appeals heard but awaiting stated case for appeal to Lands Valuation Appeal Court	Rateable Value of Appeals in process of appeal to LVAC	Appeals outstanding awaiting determination of Lands Tribunal for Scotland	Rateable Value of Outstanding Appeals awaiting determination of LT	Appeals Outstanding as at 1 August 2020
<b>North Lanarkshire</b>	4,728	4,349	0	£0	84	£703,950	379
<b>South Lanarkshire</b>	4,553	3,925	0	£0	3	£76,616,000	628
<b>LVJB total</b>	<b>9,281</b>	<b>8,274</b>	<b>0</b>	<b>£0</b>	<b>87</b>	<b>£77,319,950</b>	<b>1,007</b>

### 2. Running Roll Appeals

Area	Appeals received since 2017 Valuation Roll	Appeals resolved as at 1 August 2020	Appeals heard but awaiting stated case for appeal to Lands Valuation Appeal Court	Rateable Value of Appeals in process of appeal to LVAC	Appeals outstanding awaiting determination of Lands Tribunal for Scotland	Rateable Value of Outstanding Appeals awaiting determination of LT	Appeals Outstanding as at 1 August 2020
<b>North Lanarkshire</b>	2,068	326	0	£0	3	£37,375	1,742
<b>South Lanarkshire</b>	1,987	228	0	£0	12	£621,309,000	1,759
<b>LVJB total</b>	<b>987</b>	<b>554</b>	<b>0</b>	<b>£0</b>	<b>15</b>	<b>£621,346,375</b>	<b>3,501</b>



## Council Tax Subjects as at 01/08/2020

	ENTRIES AS AT 01/04/20			ADDITIONS			DELETIONS			CURRENT ENTRIES			BAND 'D' EQUIVALENT		
BAND	NORTH	SOUTH	TOTAL	NORTH	SOUTH	TOTAL	NORTH	SOUTH	TOTAL	NORTH	SOUTH	TOTAL	NORTH	SOUTH	TOTAL
A	53191	36128	89319	8	5	13	7	9	16	53192	36124	89316	35463	24084	59547
B	37641	30533	68174	4	14	18	1	0	1	37644	30547	68191	29280	23759	53039
C	19686	26214	45900	17	13	30	0	1	1	19703	26226	45929	17514	23312	40826
D	17233	21140	38373	48	57	105	2	1	3	17279	21196	38475	17279	21196	38475
E	16808	19823	36631	53	57	110	1	1	2	16860	19879	36739	22152	26119	48271
F	9612	12623	22235	62	54	116	2	0	2	9672	12677	22349	15717	20600	36317
G	3051	6539	9590	4	38	42	1	1	2	3054	6576	9630	5981	12878	18859
H	163	566	729	0	1	1	0	0	0	163	567	730	399	1389	1788
<b>TOTAL</b>	<b>157385</b>	<b>153566</b>	<b>310951</b>	<b>196</b>	<b>239</b>	<b>435</b>	<b>14</b>	<b>13</b>	<b>27</b>	<b>157567</b>	<b>153792</b>	<b>311359</b>	<b>143785</b>	<b>153337</b>	<b>297122</b>
'D' EQUIV.	143550	153027	296577	250	572	572	14	11	25	143785	153337	297122			

### JOINT BOARD TOTALS

		01/04/2020	01/08/2020	Increase
<b>TOTAL CHARGEABLE ENTRIES</b>	North	157385	157567	182
	South	153566	153792	226
	<b>Total</b>	<b>310951</b>	<b>311359</b>	<b>408</b>
<b>BAND 'D' EQUIVALENT</b>	North	143550	143785	236
	South	153027	153337	310
	<b>Total</b>	<b>296577</b>	<b>297122</b>	<b>546</b>

## Summary of time taken to enter new houses in Valuation (Council Tax) List

Period: 1 April 2020 to 1 August 2020

Area	Total added	added < 3 months		added 3 to 6 months		added > 6 months	
<b>North Lanarkshire</b>	196	175	89.29%	20	10.20%	1	0.51%
<b>South Lanarkshire</b>	239	210	87.87%	25	10.46%	4	1.67%
<b>LVJB totals</b>	<b>435</b>	<b>385</b>	<b>88.51%</b>	<b>45</b>	<b>10.34%</b>	<b>5</b>	<b>1.15%</b>

### Summary of Council Tax Proposals/Appeals received and dealt with as at 1 August 2020

Valid	Proposals/Appeals outstanding @ 1 April 2020	Proposals/Appeals received since 1 April 2020	Proposals/Appeals completely resolved 01/04/2020 to 01/08/2020	Outstanding balance
<b>North Lanarkshire</b>	14	8	2	20
<b>South Lanarkshire</b>	22	21	2	41
<b>LVJB total</b>	<b>36</b>	<b>29</b>	<b>4</b>	<b>61</b>

Invalid	Proposals/Appeals outstanding @ 1 April 2020	Proposals/Appeals received since 1 April 2020	Proposals/Appeals completely resolved 01/04/2020 to 01/08/2020	Outstanding balance
<b>North Lanarkshire</b>	49	29	52	26
<b>South Lanarkshire</b>	40	63	78	25
<b>LVJB total</b>	<b>89</b>	<b>92</b>	<b>130</b>	<b>51</b>

Combined	Proposals/Appeals outstanding @ 1 April 2020	Proposals/Appeals received since 1 April 2020	Proposals/Appeals completely resolved 01/04/2020 to 01/08/2020	Outstanding balance
<b>North Lanarkshire</b>	63	37	54	46
<b>South Lanarkshire</b>	62	84	80	66
<b>LVJB total</b>	<b>125</b>	<b>121</b>	<b>134</b>	<b>112</b>

### Summary of resolution of Council Tax Proposals/Appeals Between 1 April 2020 and 1 August 2020

Valid	Proposals/Appeals completely resolved 01/04/2020 to 01/08/2020	Number withdrawn	Number abandoned	Number adjusted	Number dismissed by VAC	Number adjusted by VAC
<b>North Lanarkshire</b>	2	0	0	2	0	0
<b>South Lanarkshire</b>	1	1	0	0	0	0
<b>LVJB total</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>

Invalid	Proposals/Appeals completely resolved 01/04/2020 to 01/08/2020	Number withdrawn	Number abandoned	Number adjusted	Number dismissed by VAC	Number adjusted by VAC
<b>North Lanarkshire</b>	52	1	49	0	2	0
<b>South Lanarkshire</b>	79	3	72	0	4	0
<b>LVJB total</b>	<b>131</b>	<b>4</b>	<b>121</b>	<b>0</b>	<b>6</b>	<b>0</b>

Combined	Proposals/Appeals completely resolved 01/04/2020 to 01/08/2020	Number withdrawn	Number abandoned	Number adjusted	Number dismissed by VAC	Number adjusted by VAC
<b>North Lanarkshire</b>	54	1	49	2	2	0
<b>South Lanarkshire</b>	80	4	72	0	4	0
<b>LVJB total</b>	<b>134</b>	<b>5</b>	<b>121</b>	<b>2</b>	<b>6</b>	<b>0</b>

## ABSENCE MANAGEMENT STATISTICS

Month	Self Certified		Medically Certified		Unauthorised Absence		Total			Total			
	No of Days	%	No of Days	%	No of Days	%	No of Days	Work Days Avail	%	Month	No of Days	Work days available	%
<b>August 2019</b>	5	0.4%	30	2.5%	Nil	0.0%	35	1181	3.0%	<b>August 2018</b>	27	1323	2.0%
<b>September 2019</b>	5	0.4%	21	1.7%	Nil	0.0%	26	1207	2.2%	<b>September 2018</b>	44	1163	3.8%
<b>October 2019</b>	20	1.5%	59	4.4%	Nil	0.0%	79	1329	5.9%	<b>October 2018</b>	28	1337	2.1%
<b>November 2019</b>	21	1.7%	68	5.5%	Nil	0.0%	89	1228	7.2%	<b>November 2018</b>	59	1257	4.7%
<b>December 2019</b>	23	1.8%	55	4.3%	Nil	0.0%	78	1290	6.0%	<b>December 2018</b>	40	1261	3.2%
<b>January 2020</b>	11	0.8%	46	3.4%	Nil	0.0%	57	1347	4.2%	<b>January 2019</b>	41	1392	2.9%
<b>February 2020</b>	3	0.2%	40	3.3%	Nil	0.0%	43	1213	3.5%	<b>February 2019</b>	24	1200	2.0%
<b>March 2020</b>	37	2.7%	71	5.2%	Nil	0.0%	108	1367	7.9%	<b>March 2019</b>	73	1248	5.8%
<b>April 2020</b>	0	0.0%	66	4.9%	Nil	0.0%	66	1355	4.9%	<b>April 2019</b>	48	1277	3.8%
<b>May 2020</b>	6	0.5%	58	4.4%	NIL	0.0%	64	1309	4.9%	<b>May 2019</b>	61	1259	4.8%
<b>June 2020</b>	13	0.9%	56	4.1%	NIL	0.0%	69	1375	5.0%	<b>June 2019</b>	37	1071	3.5%
<b>July 2020</b>	0	0.0%	69	4.8%	Nil	0.0%	69	1439	4.8%	<b>July 2019</b>	64	1186	5.4%
<b>Averages for 12</b>	12	0.9%	53	4.1%	Nil	0.0%	65	1303	5.0%		46	1248	3.6%

