

LANARKSHIRE VALUATION JOINT BOARD

ANNUAL REPORT & ACCOUNTS

2010-2011



LANARKSHIRE VALUATION JOINT BOARD

ANNUAL REPORT & ACCOUNTS 2010-2011

INDEX

Page	Content
1 - 2	Explanatory Foreword
3	Introduction by the Convenor of Lanarkshire Valuation Joint Board
4 - 11	Service Review 2010/2011 - Statement by the Assessor and Electoral Registration Officer
12	Financial Statement by Treasurer
13	Movement in Reserves Statement
14	Comprehensive Income and Expenditure Statement
15	Balance Sheet
16	Cash Flow Statement
17 – 26	Notes to the Financial Statements
27 – 28	Statement of Accounting Policies
29	Statement of Responsibilities for the Statement of Accounts
30 – 31	Statement on the System of Internal Financial Control
32	Audit Arrangements
33	Glossary of Terms

EXPLANATORY FOREWORD

The purpose of the Annual Report and Accounts is to demonstrate stewardship of the public monies which fund the work of the Board.

The Statement of Recommended Practice 2009 (SORP), as supported by International Financial Reporting Standards (IFRS), requires the production of a set of core financial statements, as set out below

- Movement in Reserves Statement – *demonstration of how the movement in net worth in the Balance Sheet is identified to the Income and Expenditure Account balance and to other unrealised gains and losses.*
- Comprehensive Income and Expenditure Statement – *summary of resources generated and consumed by the Board in the year.*
- Balance Sheet – *showing the value at the Balance Sheet date of the assets and liabilities recognised by the Board.*
- Cash Flow Statement – *showing the changes in cash and cash equivalents of the Board during the year*

The cumulative underspend at the end of the year, which is available to the constituent authorities on a 50:50 basis, will be held by the Board, on behalf of the authorities, for utilisation in future years. These monies are reflected as a creditor balance on the Balance Sheet as owing to the constituent authorities, as the Board has no statutory power to carry reserves.

Financial Position

The Comprehensive Income and Expenditure Statement and its accompanying notes and statements summarise the costs and sources of funding in carrying out the Board's activities.

For 2010/2011, the Revenue Expenditure results for the Board show a bottom line Net Operating Surplus of £3.187m. (page 14) This is negated by accounting entries which leave the Board with a balanced Comprehensive Income and Expenditure Statement at the end of the financial year. The creditor balance brought forward from 2009/10 included £0.139m of monies owed to the constituent authorities. As a result of operating activity in 2010/11, this creditor has risen to £0.187m per note 7 to the Financial Statements (page 23).

Employee Costs (excluding the accounting adjustment of £1.4m for IAS19 past service costs) are £2.597m (69%), which represents a significant proportion of the Board's expenditure.

To comply with the International Accounting Standard 19 – Retirement Benefits, the Board's Financial Statements disclose certain information concerning assets and liabilities related to pension schemes for its employees. This is explained in Note 2 to the Financial Statements.

The major element of the Board's income is in respect of the requisitions levied on North and South Lanarkshire Councils who contribute to the estimated expenditure of the Board. This contribution totalled £3.797m in 2010/2011 per Note 5 to the Financial Statement (page 22).

There is no movement in cash for 2010/2011, as the cumulative underspend is invested in South Lanarkshire Council's Loans Fund. This reflects the practical arrangement that exists between the Board and South Lanarkshire Council where the Council's Loans Fund lends or borrows according to the required cash flow and activities of the Board.

The Statement of Accounting Policies details the policies implemented when compiling and presenting the Comprehensive Income and Expenditure Statement, Balance Sheet and related statements. The accounting policies are those recommended by the Code of Practice on Local Authority Accounting in Great Britain, as supported by the International Accounting Standards.

The Statement of Responsibilities for the Statement of Accounts advises that the Chief Executive of South Lanarkshire Council is designated Treasurer to the Board and is responsible for the proper administration of the Board's financial affairs. Full details of the Treasurer's responsibilities are included in this statement.

Further information on the Board's finances can be obtained from the Treasurer to the Board, Finance and Information Technology Resources, Floor 4, Almada Street, Hamilton, ML3 0AB.

Introduction by the Convener of Lanarkshire Valuation Joint Board

In my third year as Convener of the Board I would like to express my grateful thanks to the Assessor and all related staff for their efforts during 2010/11 – the year to 31 March 2011 has again been a busy year for both Board members and staff.

North and South Lanarkshire Council Board members continue to work together to ensure that effective decision making has again been undertaken during the financial year.

As the lead authority, I would again express my thanks to the staff of South Lanarkshire Council, for continuing to provide an efficient support service to the Board.

Moving towards another year, I wish the Board every success in its efforts to effectively fulfil all of its duties to the benefit of the citizens of Lanarkshire.

Councillor Bill Shields
Convener – Lanarkshire Valuation Joint Board



"Office of Assessor and Electoral Registration Officer"

Service Review 2010/2011

Statement by The Assessor & Electoral Registration Officer

Introduction

The following service review statement relates to the 2010/2011 financial year, which has been challenging in each of our 3 service areas, Non Domestic Rating, Council Tax and Electoral Registration. Increased activity relating in particular to non domestic rating appeals, together with continuing budgetary pressures, had a direct impact on performance in a number of key service delivery areas. However, despite this, there are successes to report.

General

All of the Joint Board's services faced significant workload challenges during 2010/2011 against a background of ongoing budgetary constraints. The Non-Domestic Rating service, having successfully completed the work of revaluing all non domestic properties for 1 April 2010, commenced work on dealing with the resulting appeals, against a background of significant increases in additional appeals being lodged, as a result of the current economic downturn. In Council Tax the appeal workload continued at an historic high although the backlog of hearings arising from this increase has now been addressed in concert with the local Valuation Appeal Panel for Lanarkshire. The Electoral Registration service dealt with the General Election in May, the annual canvass in autumn 2010, and in early 2011 began work on the 2011 Scottish Parliament Election and Alternative Voting Referendum. All of these challenges have been met during 2010/2011 from within existing resources.

Performance

During 2010/2011 the Board continued with its commitment to its 'Vision' and 'Mission' statements and its 'Aims and Objectives'. These statements are set out below. They illustrate our continuing emphasis on the services provided by the Joint Board to the people of Lanarkshire, and reflect our commitment to continuous improvement in accordance with the Best Value process, and measured against Key Performance Indicators which have been agreed with the Scottish Executive and Performance Standards introduced by the Electoral Commission. I should like to take this opportunity to thank the staff for all their hard work and commitment over what was a challenging year.



MISSION, VISION AND AIMS

Mission

As an independent Local Government organisation, Lanarkshire Valuation Joint Board's mission is to provide equitable, customer focused, best value, high quality, professional valuation and electoral services for all its stakeholders.

Vision

Our vision is to efficiently achieve completeness and accuracy in all our work.

Aims and Objectives

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

- Ensure that our services are delivered in accordance with all statutory requirements
- Plan service development and delivery in accordance with the principles of Best Value and continuous improvement
- Consult our stakeholders about their needs and expectations
- Recognise our employees as both stakeholders and our most important asset
- Take individual and collective responsibility for the services provided by LVJB
- Encourage innovation and recognise achievement within the organisation
- Monitor and report performance levels to stakeholders
- Integrate equalities issues into all aspects of our service provision
- Build on our achievements to date.

Non-Domestic Valuation Roll

Valuation Roll is a document which sets out the rateable values of all non-domestic properties in the valuation area. The rateable values shown in the Valuation Roll are used by the local authorities as the basis for the calculation of non-domestic rates bills. The Valuation Roll for Lanarkshire in 2010/11 contained 18,315 properties with a total rateable value as at 1/4/10 in excess of £973 million.

During the year to 31 March 2011 1,761 alterations were made to the Valuation Roll within the period. The following table illustrates the performance for the period 2010/11 set against in-house targets and previous years' performance:-

Period	Target 2010/2011	Actual 2010/11	Actual 2009/10
0-3 months	80%	55.71%	40.35%
3-6 months	10%	20.38%	19.37%
>6 months	10%	23.91%	41.28%

Whilst performance in this area was below the target set, there was an improvement on the performance in 2009/10. Given that the number of changes was up from 1,172 (up over 50%) on 2009/10 this was an encouraging improvement.

The main reasons for performance not meeting the internal targets set were:

- The continued resourcing of dealing with the workload associated with valuing electricity subjects, remitted to the Lanarkshire Assessor in accordance with The Non Domestic Rating (Valuation of Utilities) (Scotland) Order 2005. Throughout the period of 2010/11 detailed discussions with industry representatives were undertaken on a range of valuation issues in relation to such subjects. The level of value attached to these property types are now in excess of £400m.
- The upsurge in non domestic appeal activity, in particular an increase in appeals being lodged on the grounds of a material change in circumstances affecting value due to the economic downturn.
- The ongoing budgetary pressures being faced by the Board resulting in a need to carry vacancies to manage the service within budget.

The activity surrounding non domestic appeals continues to increase, with the number of 2010 revaluation appeals up on the number received in connection with the 2005 revaluation. Additionally, over 3,000 appeals have been lodged during the year citing an economic downturn as grounds of appeal. This is greater than the number of such appeals received in the previous 5 years in total. Therefore, in order to facilitate a continued strategy of thoroughly considering the merits of such appeals, reducing rateable values where appropriate and defending levels of value where the Assessor is not satisfied by way of evidence to reduce values, together with managing other key business areas with available resources, internal targets for the period 2011/2012 have been set as following:

Alter Valuation Roll within 3 months	65%
Alter Valuation Roll between 3 and 6 months	25%
Alter valuation Roll over 6 months	10%

Council Tax List

This list shows the addresses of all domestic properties and the allocated Council Tax Band, which is based on the market value of the property as at April 1991. Local Authorities use these Bands to calculate annual council tax bills. As at 1st April 2010 The Council Tax List for Lanarkshire contained 312,871 entries.

During 2010/11, our staff added 2,101 new dwellings to the Council Tax List, and deleted 607 entries. As at 31 March 2011 the list contained 314,365 entries. Additionally, in accordance with The Council Tax (Alteration of Lists and Appeals) (Scotland) Regulations 1993, some 219 council tax entries had their band increased as a result of a material increase in the value of the dwelling (essentially due to significant alterations being carried out) and the subsequent sale of the property.

The following table illustrates the performance for the period 2010/11 set against in-house targets and previous years' performance:-

Period	Target 2010/2011	Actual 2010/2011	Actual 2009/2010
0-3 months	90%	79.44%	82.10%
3-6 months	7%	14.75%	15.15%
>6 months	3%	5.81%	2.75%

Performance was marginally down on 2009/10 in terms of time taken to make changes but marginally up on in terms of the number of additions compared to the 1,967 houses added during 2009/10.

After consideration of the anticipated workload for 2010/11 and available resources, internal targets for the period 2011/2012 have been set as following:

New houses added to Council Tax List within 3 months.	75%
New houses added to Council Tax List between 3 - 6 months.	15%
New houses added more than 6 months	10%

Electoral Register

The Electoral Register is a list of people eligible to vote at elections and at publication in December 2010 contained 493,558 electors.

Rolling Registration was introduced in 2000 to facilitate maintaining the Electoral Register as up to date as possible. It requires the Electoral Registration Officer to update the Register on a monthly basis to take account of people moving house etc. Under Rolling Registration 25,052 changes (including additions, deletions and amendments) were made to the registers between the 2009 canvass and the 2010 canvass. This is up 6,407 (over 25%) on the previous year and reflects ongoing work aimed at improving the accuracy of the registers for use at elections.

Following the 2010 annual canvass a total of 18,180 application forms for postal votes were requested of which 8,786 were returned. Additionally, telephone, internet and text registration was offered to electors where there were no changes to registration details with the result that 27,974 registered by telephone and 20,010 registered using the internet service with 7,239 utilising the text registration facility.

The annual canvass will again be carried out in 2011 by means of the issue of electoral Canvass Forms to over 294,000 households.

During 2008/09 the Electoral Commission introduced Performance Standards for Electoral Registration.

The 10 performance standards are set out under 4 main headings:

- 1. *Completeness and accuracy of electoral registration records***
- 2. *Integrity***
- 3. *Participation***
- 4. *Planning and organisation***

In the period 2010/11, of the 10 performance standards LVJB was assessed as:

Rating	2010/11	2009/10
Above the performance standard	3	2
Meeting the performance standard	7	6
Not yet meeting the performance standard	0	2

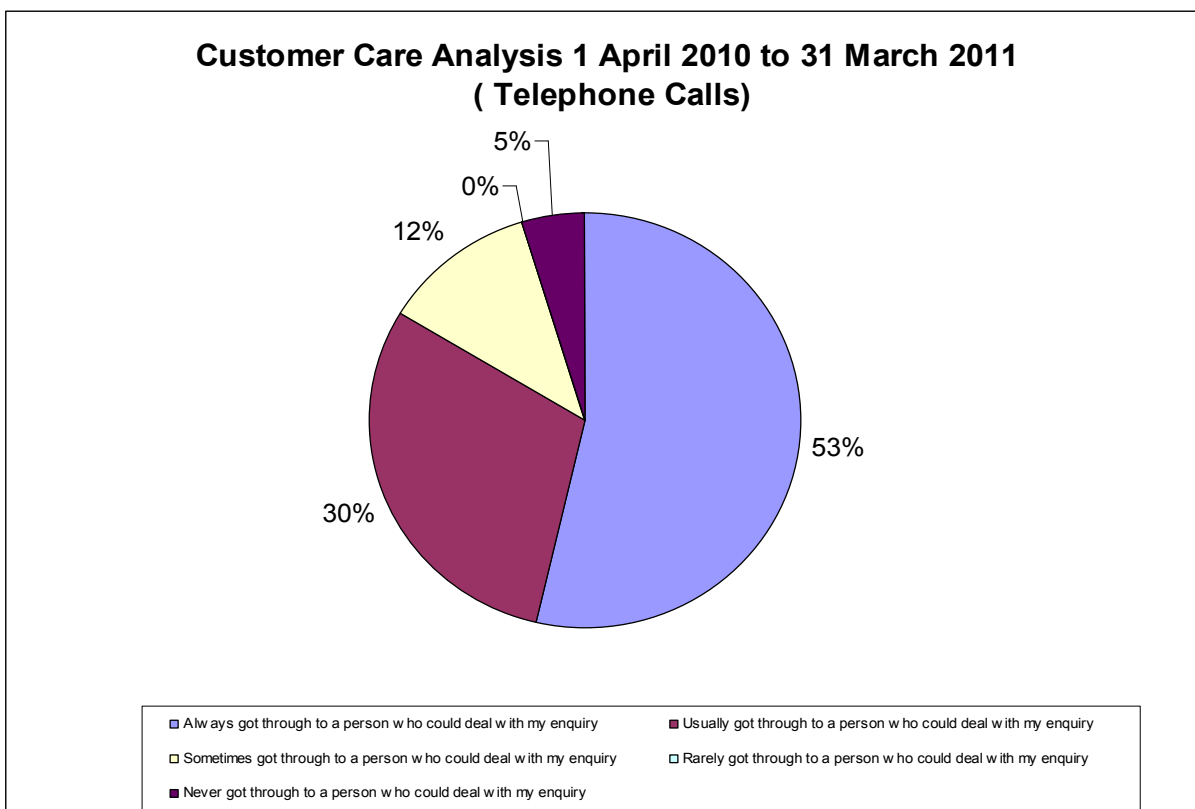
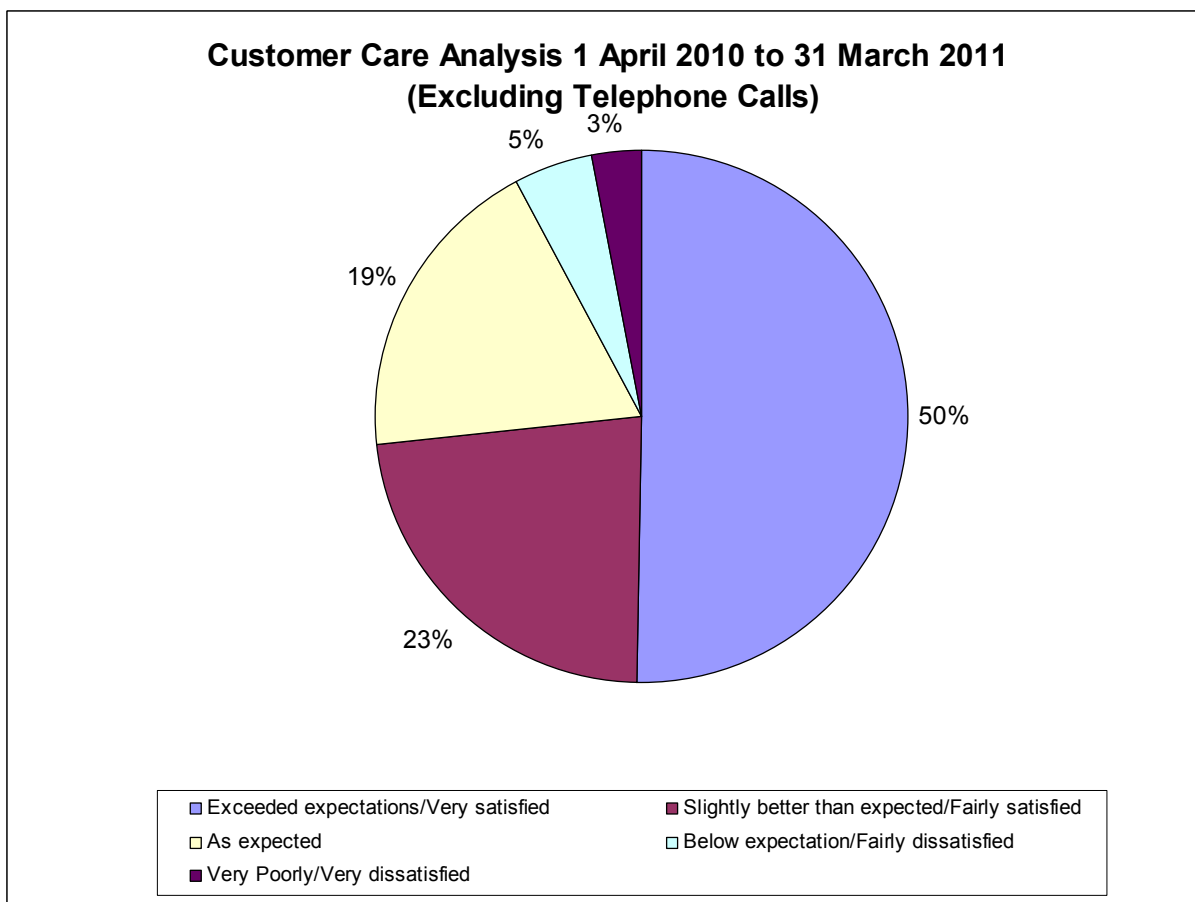
This is an improvement on 2009/10.

Customer Satisfaction

Users of the Joint Board's services are sampled at random for their comments on the service LVJB provides. The questionnaires include a section on gender, ethnicity and disability to enable service monitoring on equalities issues.

If you receive such a questionnaire, please take the time to complete it and respond. The results of these questionnaire returns are important to us and your comments are used to assist development of LVJB services to meet the needs of our customers.

❖ Results from the 2010/11 Customer Satisfaction Survey are contained in the graphs below.



Conclusion and Outlook

As is clear from this review 2010/11 has proved to be another challenging year in terms of service delivery in Non Domestic Rating and Council Tax. Having adjusted working practices to deal with the new higher level of Council Tax proposals being received in recent years and successfully delivered the 2010 Non Domestic Revaluation, service delivery is now challenged by a significant increase in workload from non domestic rating appeals lodged as a result of the effects of the economic downturn. This will impact on workload for at least the next 3 years. The focus going forward will therefore be on delivering core statutory duties as efficiently and effectively as possible minimising the effect of the increased workload on other areas of service delivery. We will continue to seek to improve the completeness and accuracy of both the Valuation Roll and the Valuation (Council Tax) List.

In Electoral Registration the work done in recent years to improve the completeness and accuracy of the Electoral Registers in Lanarkshire is bearing fruit. The number of houses believed to be occupied but with no registered elector has fallen by over 25% in the last year. We will focus on improving this figure further in the coming year while we prepare for the introduction of Individual Registration in 2014.

In accordance with the principles of Best Value we are constantly striving to put in place more efficient working practices and procedures. To this end we will continue to host Joint Electoral & Finance forums with colleagues in North & South Lanarkshire Councils with a view to identifying areas where we can work together to improve service delivery to the benefit of the citizens of Lanarkshire.

We also intend to participate further in the development of the Assessors' Portal which continues to serve as a key central public source of property information for all of Scotland. As part of our delivery of the 2010 Revaluation of non domestic properties we provided summary valuations for the majority of properties to ratepayers through this medium and have also introduced a facility for ratepayers to use the portal as a means of lodging rating appeals electronically.

Edward P. Duffy

Assessor & Electoral Registration Officer, 30 June 2011

Web Site

The Board's web site (www.lanarkshire-vjb.gov.uk) includes a host of useful information. There is the facility to download application forms for the Electoral Register. Additionally, the site contains useful information on the Assessor's functions and the processes involved in making appeals against entries in the Valuation Roll and Council Tax List. The web site is updated on a regular basis and has useful links to North and South Lanarkshire Council's web sites, and to the Scottish Assessor's Association Portal (www.saa.gov.uk), which provides a single point access to Non-Domestic Rating, Council Tax and Electoral Registration information on a Scotland-wide basis.

Equal Opportunities

LVJB is committed to providing Equal Opportunities in all aspects of our business and in relationships with our customers and stakeholders. Details of our Single Equality Scheme, which includes our Equal Opportunities policy, can be viewed on our web site. In partnership with South Lanarkshire Council and 'Language Line,' LVJB provides a translation service for people whose first language is not English. Additionally, LVJB provides information in alternative formats and can arrange sign language interpreters where appropriate.

Contacting LVJB

Address: Lanarkshire Valuation Joint Board

North Stand

Cadzow Avenue

HAMILTON

ML3 0LU

Telephone: 01698 476000 Fax: 01698 476010

E-mail: assessor@southlanarkshire.gov.uk

Web site: www.lanarkshire-vjb.gov.uk

FINANCIAL STATEMENT BY TREASURER

In carrying out my duties, I had the support of staff in the Assessor's Office and the full commitment of my own staff in South Lanarkshire Council. The ongoing co-operation of North Lanarkshire Council Finance Staff is appreciated, and has been fundamental in ensuring consensus on the financial direction of the Board.

For the financial year 2010/2011, the Board set a total budget of £3.797m and I am pleased to report that this budget has been effectively used in providing services to both Councils during the year.

The escalation of Council Tax Appeals during 2007/08 has continued at this higher level for subsequent financial years, and working practices have now been adjusted to deal with this higher level. However, a new challenge has arisen from the significant increase in non domestic rating appeals lodged as a result of the effects of the economic downturn. However, this increase in workload has been effectively managed within existing resources. I am committed to developing the services of the Lanarkshire Valuation Joint Board for the benefit of the people of Lanarkshire.

Archibald Strang
Treasurer - Lanarkshire Valuation Joint Board

Movement in Reserves Statement

	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total Reserves
Balance at 31 March 2009	0	0	(424)	(424)
Movement in Reserves during 2009/2010				
Surplus (Deficit) on the Provision of Services	49	49	0	49
Other Comprehensive Income and Expenditure	(3,865)	(3,865)	0	(3,865)
Total Comprehensive Income and Expenditure	(3,816)	(3,816)	0	(3,816)
Adjustment between Accounting Basis and funding Basis under Regulations	3,816	3,816	0	3,816
Net Increase /Decrease before Transfers to/from Earmarked Reserves	0	0	0	0
Transfers to/from Earmarked Reserves	0	0	(3,873)	(3,873)
Increase/Decrease in 2009/10	0	0	(3,873)	(3,873)
Balance at 31 March 2010 carried forward	0	0	(4,297)	(4,297)
	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total Reserves
Balance at 31 March 2010	0	0	(4,297)	(4,297)
Movement in Reserves during 2010/2011				
Surplus (Deficit) on the Provision of Services	1,375	1,375	0	1,375
Other Comprehensive Income and Expenditure	1,812	1,812	0	1,812
Total Comprehensive Income and Expenditure	3,187	3,187	0	3,187
Adjustment between Accounting Basis and funding Basis under Regulations	(3,187)	(3,187)	0	(3,187)
Net Increase /Decrease before Transfers to/from Earmarked Reserves	0	0	0	0
Transfers to/from Earmarked Reserves	0	0	3,196	3,196
Increase/Decrease in 2010/11	0	0	3,196	3,196
Balance at 31 March 2011 carried forward	0	0	(1,101)	(1,101)

Comprehensive Income & Expenditure Statement for year ended 31 March 2011

2009/2010 Actual £000		2010/2011 Actual £000	Notes
2,499	Employee Costs	1,197	
335	Property Costs	337	3
120	Supplies and Services	182	
648	Administration Costs	610	
13	Payment to Other Bodies	13	
20	Financing Charges	18	
<hr/>			
3,635	Total Expenditure	2,357	
(3,684)	Income	(3,732)	
<hr/>			
(49)	Net Cost / (Return) of Service	(1,375)	
3,865	Actuarial (Gain)/Losses on pension assets/ liabilities	(1,812)	2
<hr/>			
3,816	Total Comprehensive Income and Expenditure	(3,187)	

Balance Sheet as at 31 March 2011

01.04.09 £000	31.03.2010 £000		31.03.11 £000	notes
		<u>Long Term Assets</u>		
0	0	Pension Asset	0	
				0
		<u>Current Assets</u>		
0	2	Debtors	1	
76	137	Investment in South Lanarkshire Council Loans Fund	186	187
			<u>186</u>	
<u>76</u>	<u>139</u>	<u>Total Assets</u>	<u>187</u>	
		<u>Current Liabilities</u>		
(76)	(139)	Creditors and Accruals	(187)	7
<u>(76)</u>	<u>(139)</u>	Total Current Liabilities	<u>(187)</u>	
0	0	Total Assets less Current Liabilities	0	
		<u>Long Term Liabilities</u>		
(396)	(4,269)	Pension Liability	(1,073)	2
(28)	(28)	Accumulating Compensated Absences	(28)	
<u>(424)</u>	<u>(4,297)</u>	Total Assets less Liabilities	<u>(1,101)</u>	
		Financed by :		
(396)	(4,269)	Pension Reserve	(1,073)	
(28)	(28)	Accumulating Compensated Absences Reserve	(28)	
<u>(424)</u>	<u>(4,297)</u>		<u>(1,101)</u>	

Archibald Strang
Treasurer
30 June 2011

Cash Flow Statement

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

2009/10		2010/11
£000		£000
(49)	Net (surplus) or deficit on the provision of services	(1,375)
109	Adjust net surplus or deficit on the provision of services for non cash movements	1,422
1	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 8)	2
<hr/> 61	Net cash flows from Operating Activities	<hr/> 49
(61)	Investing Activities (note 9)	(49)
0	Financing Activities (note 10)	0
<hr/> 0	Net increase or decrease in cash and cash equivalents	<hr/> 0
0		0
0	Cash and cash equivalents at the beginning of the reporting period	0
<hr/> 0	Cash and cash equivalents at the end of the reporting period (note 11)	<hr/> 0
<hr/> <hr/>		<hr/> <hr/>

Notes to the Financial Statements

1 Officers Remuneration

The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No. 2011/64) amend the Local Authority Accounts (Scotland) Regulations 1985 (SI No 1985/267) and require local authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

Banding	No. of Employees 2010/2011	No. of Employees 2009/2010
£55,000 - £59,999	3	3
£85,000 - £89,999	1	1
£100,000 - £104,999	1	1

Senior Officers

Post	Name	Salary / Fees	Expenses Allowance	Compensation For Loss of Office	Any Other Remuneration	2010/11 Total	2009/10 Total
Assessor and ERO	E Duffy	£104,676	0	0	£271	£104,947	£102,941
Depute Assessor	G Bennett	£ 86,902	0	0	£500	£ 87,402	£ 86,336
Total		£191,578	0	0	£771	£192,349	£189,277

Councillors

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

Post	Name	Salary / Fees	Expenses Allowance	Compensation For Loss of Office	Any Other Remuneration	2010/11 Total	2009/10 Total
Convenor	W Shields	£4,181	0	0	0	£4,181	£4,166
Vice Convenor From June 2010	J Cairney	£2,804	0	0	0	£2,804	0
Vice Convenor	H Dunsmuir	0	0	0	0	0	£3,425
Total		£6,985	0	0	0	£6,985	£7,591

Pension Rights

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS). For local government employees this is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme.

There are no pension rights applicable to the Convener or Vice Conveners to the Board.

Post	Name		Accrued Pension Benefits March 2011	Movement in accrued pension benefits since 31 March 2010	Pension Contribution made by council 2010/11	Pension Contribution made by council 2009/10
Assessor and ERO	E Duffy	Pension Lump Sum	£ 44,570 £123,245	£2,558 £2,343	£19,049	£17,763
Depute Assessor	G Bennett	Pension Lump Sum	£ 29,441 £ 79,605	£1,795 £ 973	£15,866	£14,897
Total					£34,915	£32,660

2 Employee Pension Scheme

Unfunded Pension payment of £23,809 relates to Unfunded Pension Payments and Enhanced Payments to Strathclyde Pensions Fund, this all relates to recurring costs.

In accordance with International Accounting Standard 19 – Retirement Benefits (IAS 19) the Valuation Board is required to disclose certain information concerning assets and liabilities related to pension schemes for its employees.

The Valuation Board is required to follow UK GAAP in accounting for pension costs. IAS19 is therefore incorporated into the Local Authority Statement of Recommended Practice. ("SORP"), as supported by the International Financial Reporting Standards (IFRS).

The assets and liabilities of the Board are provided for by the Board's Actuary (Hymans and Robertson). Future rates of employer contributions to the Scheme are also dictated by the Actuary and contained within Actuarial Valuation Reports.

Under the direction of the Accounting Code Of Practice (ACOP), as supported by the International Financial reporting Standards (IFRS), the Board is required to disclose additional information in relation to Pension Costs as set out below.

Participation in Pensions Schemes

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

The Board participates in the Local Government Pension Scheme (Strathclyde Pension Fund) for civilian employees, administered by Glasgow City Council – this is a funded scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions Relating to Retirement Benefits

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

Fair value of employer assets

Year Ended:	31-Mar-11	31-Mar-10
	£(000)	£(000)
Equities	9,244	8,376
Bonds	1,561	1,414
Property	720	761
Cash	480	326
Total	12,005	10,877

The above asset values as at 31 March 2011 are at bid value as required under IAS19.

The bid value of assets were estimated by applying an adjustment of -0.4% to the Employer's mid market value asset share as at 31 March 2011.

Balance sheet

Year Ended:	31-Mar-11	31 Mar 2010
	£(000)	£(000)
Fair Value of Employer Assets	12,005	10,877
Present Value of Funded Liabilities ¹	(12,765)	(14,805)
Net (Under) / Overfunding in Funded Plans	(760)	(3,928)
Present Value of Unfunded Liabilities	(313)	(341)
Unrecognised Past Service Cost	-	-
Net Asset / (Liability)	(1,073)	(4,269)
Amount in the Balance Sheet		
Assets		
Liabilities	1,073	4,269
Net Asset / (Liability)	(1,073)	(4,269)

Recognition in the profit or loss

Year Ended:	31-Mar-11		31-Mar-10	
	£(000)	% of Pay	£(000)	% of pay
Current Service Cost	394	11.2%	193	11.2%
Interest Cost	783	32.7%	565	32.7%
Expected Return on Employer Assets	(792)	(29.4%)	(508)	(29.4%)
Past Service Cost / (Gain)	(1,400)	(80.5%)	92	5.3%
Losses / (Gains) on Curtailments and Settlements	-	-	-	-
Total	(1,015)	58.30%	342	19.80%
Actual Return on Plan Assets	870		2,937	

**Notes to the Statement of Recognised
Income and Expenditure (SRIE)**

Year Ended:	31-Mar-11	31-Mar-10
	£(000)	£(000)
Actuarial Gain / (Losses) on Plan Assets	76	2,426
Actuarial Gain / (Losses) on Obligation	1,736	(6,291)
Actuarial Gain / (Loss)	1,812	(3,865)
Actuarial Gain / (Losses)	(2,144)	(3,956)

Reconciliation of defined benefit obligation

Year Ended:	31-Mar-11	31-Mar-10
	£(000)	£(000)
Opening Defined Benefit Obligation	15,146	8,082
Current Service Cost	394	193
Interest Cost	783	565
Contributions by Members	138	129
Actuarial Losses / (Gains)	(1,736)	6,291
Past Service Costs / (Gains)	(1,400)	92
Losses / (Gains) on Curtailments	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	(14)	(13)
Estimated Benefits Paid	(233)	(193)
Closing Defined Benefit Obligation	13,078	15,146

**Reconciliation of fair value of employer
assets**

Year Ended:	31-Mar-11	31-Mar-10
	£(000)	£(000)
Opening Fair Value of Employer Assets	10,877	7,686
Expected Return on Assets	792	508
Contributions by Members	138	129
Contributions by the Employer	355	321
Contributions in respect of Unfunded Benefits	14	13
Actuarial Gains / (Losses)	76	2,426
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	(14)	(13)
Estimated Benefits Paid	(233)	(193)
Closing Fair Value of Employer Assets	12,005	10,877

Amounts for the current and previous accounting periods

Year Ended:	31-Mar-11	31-Mar-10
	£(000)	£(000)
Fair Value of Employer Assets	12,005	10,877
Present Value of Defined Benefit Obligation	(13,078)	(15,146)
Surplus / (Deficit)	(1,073)	(4,269)
Experience Gains / (Losses) on Assets	76	2,426
Experience Gains / (Losses) on Liabilities	(18)	(5)
Actuarial Gains/(Losses) on Employer Assets	76	2,426
Actuarial Gains/(Losses) on Obligation	1,736	(6,291)
Actuarial Gains/(Losses)	1,812	(3,865)

Year Ended:	31-Mar-09	31-Mar-08	31-Mar-07
	£(000)	£(000)	£(000)
Fair Value of Employer Assets	7,686	9,194	8,855
Present Value of Defined Benefit Obligation	(8,082)	(8,668)	(9,915)
Surplus / (Deficit)	(396)	526	(1,060)
Experience Gains / (Losses) on Assets	(2,428)	(930)	7
Experience Gains / (Losses) on Liabilities	532	(305)	284
Actuarial Gains/(Losses) on Employer Assets	(2,428)	(930)	7
Actuarial Gains/(Losses) on Obligation	1,357	2,299	1,293
Actuarial Gains/(Losses) recognised in SRIE	(1,071)	1,369	1,300

Long-term expected rate of return on assets in the 2010/11 scheme

	2010/11	2009/10
Equity Investments	7.50%	7.80%
Bonds	4.90%	5.00%
Property	5.50%	5.80%
Cash	4.60%	4.80%

Mortality Assumptions

Longevity at 65 for current pensioners		
Men	20.6 years	20.6 years
Women	23.9 years	23.9 years
Longevity at 65 for future pensioners		
Men	22.6 years	22.6 years
Women	26.0 years	25.0 years
Rate of inflation / pension increase rate	2.80%	3.80%
Rate of Increase in salaries	5.10%	5.30%
Expected Return on Assets	6.90%	7.20%
Rate for discounting scheme liabilities	5.50%	5.50%
Take up option to convert annual pension into retirement lump sum Pre April 2009 / (Post April 2009)	50% (75%)	50%

3 **Payments to South and North Lanarkshire Councils**

The Board makes payments to South Lanarkshire Council for the rental of property and support services and to North Lanarkshire Council for Convenor's allowances and expenses.

	2010/2011 £000	2009/2010 £000
Apportionment of Central Support Expenses - Property		
South Lanarkshire Council:		
Office Accommodation	337	335
Total Payments :	<u>337</u>	<u>335</u>
Apportionment of Central Support Expenses - Administration		
South Lanarkshire Council:		
Information Technology	106	104
Chief Executive	27	26
Personnel	20	13
Finance	20	20
Vice Convenor's Allowances & Expenses	3	3
	<u>176</u>	<u>166</u>
North Lanarkshire Council :		
Convenor's Allowances & Expenses	4	4
	<u>4</u>	<u>4</u>
Total Payments :	<u><u>180</u></u>	<u><u>170</u></u>

4 **Auditors Remuneration**

In financial year 2010/11 £9,000 was the agreed remuneration to Audit Scotland in respect of external audit services. No other payments were made.

	2010/2011 £000	2009/2010 £000
Auditors Remuneration		
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor (PricewaterhouseCoopers LLP)	9	8
Other Payments	0	0
	<u>9</u>	<u>8</u>

5 **Related Party Transactions**

Joint Boards must keep separate account of agreements entered into under this legislation. Income and Expenditure on services during 2010/11 amounted to £3.797m and £0.517m respectively. Details of the public bodies are listed below

	Income £000	Expenditure £000
South Lanarkshire Council	1,899	513
North Lanarkshire Council	1,898	4
	<u>1,898</u>	<u>4</u>

3,797517

6 Financial Instruments

The Investment disclosed in the Balance Sheet is classified within in the following financial instrument category:

	Total 31/3/11 £000	Total 31/3/10 £000
Investments		
Maturing within 12 Months	186	137

For Investments prevailing benchmark rates have been used to provide the fair value. Where an instrument has a maturity of less than 12 months the fair value is taken to be the principal outstanding.

As the investment is held within South Lanarkshire Council this investment has been given an AAA credit risk rating.

7 Creditors and Accruals

The Creditors figure is analysed as follows :-

	2010/2011 £000	2009/2010 £000
Valuation Appeal Panel Fees – Final Quarter	29	46
Convenor Expenses – North Lanarkshire Council	4	4
Legal Advice – Faculty Services	7	2
IAS19 Administration Charges	0	1
Election Campaign Postcard Issue	0	9
Balance held on behalf of both North Lanarkshire Council and South Lanarkshire Council	147	74
Standard Mail Postage	0	3
	<u>187</u>	<u>139</u>

8 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following:

2009/10 £000	2010/11 £000
1 Interest received	2
0 Interest paid	0
0 Dividends received	0

9 Cash Flow Statement – Investing Activities

2009/10		2010/11
£000		£000
0	Purchase of property, plant and equipment, investment property and intangible assets	0
61	Purchase of short-term and long-term investments	49
0	Other payments for investing activities	0
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
0	Proceeds from short-term and long-term investments	0
0	Other receipts from investing activities	0
61	Net cash flows from investing activities	49

10 Cash Flow Statement – Financing Activities

2009/10		2010/11
£000		£000
0	Cash receipts of short- and long-term borrowing	0
0	Other receipts from financing activities	0
0	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	0
0	Repayments of short- and long-term borrowing	0
0	Other payments for financing activities	0
0	Net cash flows from financing activities	0

11 **Cash Flow Statement – Cash and Cash Equivalents**

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

31 March 2010 £000		31 March 2011 £000
0	Cash held by officers	0
0	Bank current accounts	0
0	Short-term deposits with building societies	0
0	Total cash and cash equivalents	0

12 **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.

13 **Going Concern**

As at the end of March 2011, the Balance Sheet of the Board shows a Net Liability position of £1.101m. This is made up of a Long Term liability of £13.078m and a prepaid annual leave provision of £0.028m, offset in part by a Long Term Asset of £12.005m,

Statutory arrangements for funding the long term deficit, means that:

- The deficit on the local government scheme will be made good by increased contributions from the Board over the remaining working life of employees, as assessed by Hymans Robertson, the independent actuary for the scheme, to ensure that benefits can be paid.
- Finance is only required to be raised to cover employee pensions when the pensions are actually paid
- Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality, salary levels etc. Hymans Robertson has assessed Strathclyde Pension Fund liabilities. Estimates are based on the latest full valuation of the scheme as at 31 March 2008.

14 **Date of Signing of Annual Accounts**

The accounts were authorised by the Chief Executive, Treasurer to the Lanarkshire Valuation Joint Board on 30 June 2011.

15 **Post Balance Sheet Events**

The accounts were authorised for approval by the Chief Executive, Treasurer to the Lanarkshire Valuation Joint Board on 30 June 2011. There were no events that occurred between 1 April 2011 and the date that the accounts were authorised for approval.

Statement of Accounting Policies

(a) General

The general policies adopted in compiling and presenting the Accounts are those recommended by the Code of Practice on Local Authority in Great Britain issued jointly by the Chartered Institute of Public Finance and Accountancy (C I P F A) and the Local Authority (Scotland) Accounts Advisory Committee (L A S A A C), supported by International Financial Reporting Standards (IFRS). There are no significant departures from those recommendations.

(b) Debtors and Creditors

Accruals basis

The income and expenditure account is compiled on an accruals basis. Where goods have been sold but the income not received by end 31 March 2011 or goods have been received but not paid for by end March 2011 then the income and expenditure account has been amended to reflect the outstanding amounts.

(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 31st March 2011, together with specific accruals in respect of further material items.

(iii) Accumulating Compensated Absences

International Accounting Standard (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 31st March 2011 are included irrespective of when actual payments were made. The requirements of IAS19 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 Account for movements in the liability relating to the scheme.

(iii) 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 revenue account 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 Account 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 2010/11 Statement of Accounts, 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 5.5% per annum is appropriate. (2009/10 5.5%).

(c) 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 Chief Executive's, 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.

(d) 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.

(e) Financial Instruments

For Investments due within 12 months prevailing benchmark rates have been used to provide the fair value. 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.

Statement of Responsibilities for the Statement of Accounts

The Lanarkshire Valuation Joint Board's responsibilities

The Lanarkshire Valuation Joint Board is required to :

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Board, that officer is the Treasurer
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets

The Treasurer's responsibilities

The Treasurer is responsible for the preparation of the Board's statement of accounts in accordance with proper accounting practices set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the "Code of Practice"), supported by International Financial Reporting Standards (IFRS).

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice

The Treasurer has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

This statement of accounts presents fairly the financial position of the authority at 31 March 2011 and its income and expenditure for the year ended 31 March 2011.

Archibald Strang
Treasurer – Lanarkshire Valuation Joint Board
30 June 2011

Statement on The System of Internal Financial Control

1. The statement is given in respect of the Statement of Accounts for Lanarkshire Valuation Joint Board. I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.
2. The system of internal control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
3. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management 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:
 - Appropriate budgeting systems
 - Regular reviews of periodic and annual financial reports which indicated financial performance against the forecasts
 - Setting targets to measure financial and other performance
 - The preparation of regular financial reports which indicate actual expenditure against the forecasts
 - Defined capital expenditure guidelines; and
 - As appropriate, formal project management disciplines.
4. The role of Internal Audit is key to providing comfort that the core elements of the internal control framework are adhered to. Lanarkshire Valuation Joint Board purchases an Internal Audit Service from South Lanarkshire Council under the terms of a Service Level Statement. Findings are independently reported to myself, the Assessor and Electoral Registration Officer, the Treasurer, the Clerk to the board and the full board.

A programme of work is undertaken to cover exploration of key financial and operational systems used in the Valuation Joint Board, to investigate reported frauds and assist in management of risks. Sound and useful recommendations result, which help management to improve their control environment as well as providing an assessment of the adequacy of existing systems and procedures. This is provided in a year-end report to the Board. Work is programmed to areas of greatest risk to the Valuation joint Board.

I understand that the Internal Audit Service is bound by the CIPFA Code of Practice and monitors its own performance through a system of indicators.

5. My review of the effectiveness of the system of internal financial control is informed by:
 - The work of managers within the Board;
 - The work of internal auditors as described above; and
 - The external auditors in their annual audit letter and other reports.

6. It is my view that the systems for internal control were effective during 2010/11 and will be improved through implementation of the recommended actions from Internal and External Audit Reports.

A handwritten signature in black ink that reads "Edward P. Duffy". The signature is written in a cursive style with a large, stylized 'E' and 'D'.

Edward Duffy
Assessor & Electoral Registration Officer
Lanarkshire Valuation Joint Board
27 May 2011

Audit Arrangements

Under arrangements approved by the Commission for Local Authority Accounts in Scotland ("The Accounts Commission"), the auditor with overall responsibility for the audit of the accounts of the Lanarkshire Valuation Joint Board for the year ended 31 March 2011 is :

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

30 June 2011

Glossary of Terms

Much of the terminology used in this Report is intended to be self-explanatory, however, the following additional definition and interpretation of terms used may be helpful:-

1. Employee costs

This includes salaries, wages, overtime, bonus, enhancements, employer's pension and national insurance, travelling and subsistence expenses and other staff allowances.

2. Property costs

This includes rent and rates, property insurance, repair and maintenance of property, upkeep of grounds, heating and lighting, furnishings and fittings and allocations of accommodation costs.

3. Supplies and services

This includes materials, books, uniforms and protective clothing, the purchase and maintenance of equipment and tools and various services carried out by external contractors.

4. Administration costs

This includes printing and stationery, advertising, postages, telephone costs and central support services allocations for administration.

5. Payments to other bodies

This includes payments to other organisations and agencies providing services complementing or supplementing the work of the Board.

6. Financing charges

This represents the operating leasing costs for IT Equipment.

7. Borrowing Facilities and temporary interest on revenue balances

The loans fund of South Lanarkshire Council lends or borrows according to the cash flow of the Board. This temporary interest credited/debited to the Board's Income and Expenditure Account reflects the interest earned or charged to the Board for funds lent to or borrowed from the loans fund of South Lanarkshire Council.

8. Sales Fees and Charges

This is income from charges to citizens and organisations for the direct use of the Board's Services or for the purchase of goods from the Board e.g. copies of the electoral roll.