



Tuesday, 30 August 2022

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, 05 September 2022
Time: 14:00
Venue: Hybrid - Council Chamber, Council Offices, Almada Street, Hamilton, ML3 0AA

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

Yours sincerely

Cleland Sneddon
Clerk to the Board

Members

Walter Brogan (Convener), Jim Reddin (Depute Convener), Bob Burgess, Lesley Jarvie, Tom Johnston, Fergus MacGregor, Alex McVey, William Shields, Anne Thomas, Janine Calikes, Ross Clark, Colin Dewar, Lynsey Hamilton, Martin Hose, Gavin Keatt, Mark McGeever

Substitutes

Nicky Shevlin, Mathew Buchanan, Poppy Corbett, Geri Gray, Cal Johnston-Dempsey, Monique McAdams, Carol Nugent, Norman Rae, Margaret B Walker

BUSINESS

1 Declaration of Interests

- 2 **Minutes of Previous Meeting** 3 - 10
Minutes of the meeting of the Lanarkshire Valuation Joint Board held on 27 June 2022 submitted for approval as a correct record. (Copy attached)

Monitoring Item(s)

- 3 **Revenue Budget Monitoring 2022/2023 - Lanarkshire Valuation Joint Board** 11 - 14
Report dated 17 August 2022 by the Treasurer, Lanarkshire Valuation Joint Board. (Copy attached)
- 4 **External Auditor's Annual Audit Report to the Board** 15 - 48
Letter and Annual Report by Audit Scotland, External Auditor. (Copy attached)

Item(s) for Decision

- 5 **Audited Accounts 2021/2022** 49 - 96
Report dated 18 August 2022 by the Treasurer, Lanarkshire Valuation Joint Board. (Copy attached)

Item(s) for Noting

- 6 **Progress Update** 97 - 112
Report dated 18 August 2022 by the Assessor and Electoral Registration Officer. (Copy attached)

Urgent Business

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

For further information, please contact:-

Clerk Name:	Stuart McLeod
Clerk Telephone:	07385 370 117
Clerk Email:	stuart.mcleod@southlanarkshire.gov.uk

LANARKSHIRE VALUATION JOINT BOARD

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Minutes of meeting held via Microsoft Teams and in the Banqueting Hall, Council Offices, Almada Street, Hamilton on 27 June 2022

Convener:

Councillor Walter Brogan, South Lanarkshire Council (*after item 3*)

Councillors Present:

North Lanarkshire Council

Bob Burgess, Lesley Jarvie, Tom Johnston, Fergus MacGregor, Alex McVey, Jim Reddin (Depute Convener - *after item 3*), Anne Thomas

South Lanarkshire Council

Janine Calikes, Ross Clark, Colin Dewar, Lynsey Hamilton, Martin Hose, Gavin Keatt, Mark McGeever

Councillor's Apology:

North Lanarkshire Council

Bill Shields

Attending:

Assessor and Electoral Registration Service

G Bennett, Assessor and Electoral Registration Officer; R Pacitti, Assistant Assessor and Electoral Registration Officer

Clerk's Office

C Sneddon, Clerk; M Gordon, Administration Assistant; S McLeod, Administration Officer; L Wylie, Administration Assistant, South Lanarkshire Council

Treasurer's Office

P Manning, Treasurer; Y Douglas, Audit and Compliance Manager; J Taylor, Head of Finance (Strategy), South Lanarkshire Council

Also Attending:

Audit Scotland

Brian Gillespie, Lead Auditor

1 Declaration of Interests

No interests were declared.

2 Minutes of Previous Meeting

The minutes of the meeting of the Lanarkshire Valuation Joint Board held on 7 March 2022 were submitted for approval as a correct record.

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

3 Appointment of Convener and Depute Convener

A report dated 15 June 2022 by the Clerk was submitted on:-

- ♦ the procedure to be followed by the Board in appointing its Convener and Depute Convener following the Local Government elections held on 5 May 2022
- ♦ the levels of remuneration for each position in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2022 and subsequent amendments

Councillor Keatt, seconded by Councillor Hamilton, moved that Councillor Brogan (South Lanarkshire Council) be appointed as Convener of the Board. Councillor Johnston, seconded by Councillor Calikes, moved that Councillor Clark (South Lanarkshire Council) be appointed as Convener of the Board.

On a vote being taken by roll call, members voted for the candidates as follows:-

Councillor Brogan

Walter Brogan, Bob Burgess, Lynsey Hamilton, Martin Hose, Gavin Keatt, Mark McGeever, Alex McVey, Jim Reddin

Councillor Clark

Janine Calikes, Ross Clark, Colin Dewar, Lesley Jarvie, Tom Johnston, Fergus MacGregor, Anne Thomas

8 members voted for Councillor Brogan and 7 members voted for Councillor Clark. Councillor Brogan was declared Convener of the Board.

Councillor McVey, seconded by Councillor Brogan, moved that Councillor Reddin (North Lanarkshire Council) be appointed as Depute Convener of the Board. Councillor Dewar, seconded by Councillor MacGregor, moved that Councillor Johnston (North Lanarkshire Council) be appointed as Depute Convener of the Board.

On a vote being taken by roll call, members voted for the candidates as follows:-

Councillor Reddin

Walter Brogan, Bob Burgess, Lynsey Hamilton, Martin Hose, Gavin Keatt, Mark McGeever, Alex McVey, Jim Reddin

Councillor Johnston

Janine Calikes, Ross Clark, Colin Dewar, Lesley Jarvie, Tom Johnston, Fergus MacGregor, Anne Thomas

8 members voted for Councillor Reddin and 7 members voted for Councillor Johnston. Councillor Reddin was declared Depute Convener of the Board.

The Board decided:

that Councillor Brogan (South Lanarkshire Council) be appointed as Convener of the Board and Councillor Reddin (North Lanarkshire Council) be appointed as Depute Convener of the Board for the period to the next Local Government elections.

Councillor Brogan took the Chair for the remaining items of business

4 Adoption of Standing Orders on Procedures, Financial Regulations, Standing Orders on Contracts, Scheme of Delegation and Terms of Reference

A report dated 17 June 2022 by the Clerk was submitted on revised Standing Orders on Procedures, Financial Regulations, Standing Orders on Contracts and the Scheme of Delegation for the Board, together with Terms of Reference for the Board's Appeals and Grievance and Disputes Panels.

The various documents had been reviewed and amended to take account of legislative changes, organisational and operational requirements, actual practice and terminology.

Following the review, no changes had been proposed to the Scheme of Delegation or Terms of Reference for the Appeals and Grievance and Disputes Panels. Summaries of the proposed changes to the Standing Orders on Procedures, Standing Orders on Contracts and the Financial Regulations were attached at appendices 1, 2 and 3 to the report respectively.

The Board decided: that the Standing Orders on Procedures, Financial Regulations, Standing Orders on Contracts, Scheme of Delegation and Terms of Reference for the Appeals and Grievance and Disputes Panels, as detailed in the supporting documentation pack, be approved.

5 Timetable of Future Meetings

A report dated 8 June 2022 by the Clerk was submitted on the proposed timetable of meetings for the Board for the remainder of 2022 and 2023. It was proposed that the meetings be held at 2.00pm in South Lanarkshire Council Offices, Almada Street, Hamilton and via remote access on the following dates:-

- ◆ Monday 5 September 2022
- ◆ Monday 5 December 2022
- ◆ Monday 6 March 2023
- ◆ Monday 5 June 2023
- ◆ Monday 4 September 2023
- ◆ Monday 4 December 2023

The Board decided: that the arrangements for meetings of the Board for the remainder of 2022 and 2023 be approved.

6 Revenue Budget Monitoring 2022/2023 – Lanarkshire Valuation Joint Board

A report dated 6 June 2022 by the Treasurer was submitted comparing the Board's actual expenditure at 20 May 2022 against the budgeted expenditure for 2022/2023 and providing a forecast for the year to 31 March 2023.

As at 20 May 2022, there was an underspend on the Board's revenue budget of £0.059 million. The financial forecast to 31 March 2023 was a breakeven position.

The Board, at its meeting on 6 December 2021, had approved a budget of £3.665 million for 2022/2023. Following receipt of the Local Government Settlement from the Scottish Government in December 2021, the 1% reduction in the constituent authorities had been reinstated which had resulted in a further £0.035 million of income.

The Scottish Government had granted funding totalling £0.698 million for 2022/2023 to address costs to the Board arising from the Barclay Review. The sums from North and South Lanarkshire Councils, each amounting to £0.349 million, would be transferred to the Board via the council contribution payments.

As a result of the Barclay funding award, additional contribution payments and the preparation of the Board's medium term Financial Strategy, the level of anticipated spend for 2022/2023 had been refined with the budgets for expenditure and income both being increased by £0.600 million.

The adjustments and revised budget for 2022/2023 of £4.265 million, which reflected the level of requisitions and use of reserves, were detailed in Appendix A to the report.

The Treasurer responded to members' questions on the current economic situation and the financial forecast to 31 March 2023 of a breakeven position.

The Board decided:

- (1) that an underspend of £0.059 million on Lanarkshire Valuation Joint Board's revenue budget, as detailed in Appendix A to the report, be noted; and
- (2) that the forecast to 31 March 2023 of a breakeven position be noted.

[Reference: Minutes of 6 December 2021 (Paragraph 4)]

7 Internal Audit Annual Assurance Report 2021/2022

A report dated 15 June 2022 by the Executive Director (Finance and Corporate Resources), South Lanarkshire Council was submitted:-

- ◆ detailing progress on, and performance of, Internal Audit services to Lanarkshire Valuation Joint Board in 2021/2022
- ◆ 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 2022

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 2021/2022 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.

The Board decided:

- (1) that the Internal Audit Annual Report for 2021/2022 for the Lanarkshire Valuation Joint Board be noted; and

- (2) that the opinion of Internal Audit be considered in the preparation of the 2021/2022 Statement of Governance for the Lanarkshire Valuation Joint Board.

[Reference: Minutes of 7 June 2021 (Paragraph 4)]

8 Annual Governance Statement

A report dated 7 June 2022 by the Treasurer was submitted on the Annual Governance Statement for 2021/2022 which would be included in the Lanarkshire Valuation Joint Board's 2021/2022 Annual Accounts.

The Board's Annual Governance Statement 2021/2022, 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 2021/2022, the Treasurer's opinion was that the systems for internal control were effective. Those systems would continue to be reviewed and improved, as appropriate, in 2022/2023.

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 2021/2022 Annual Accounts.

9 2021/2022 Annual Report and Accounts – Lanarkshire Valuation Joint Board

A report dated 1 June 2022 by the Treasurer was submitted on the Board's Annual Report and Accounts for the financial year ending 31 March 2022.

At its meeting on 7 March 2022, the Board had been advised of a probable outturn transfer to reserves of £0.021 million. Appendix 1 to the report detailed the actual position for the Board for the year ended 31 March 2021 which showed a transfer to reserves of £0.352 million. An explanation for the variance in the transfer to reserves of £0.331 million was provided in the report and Appendix 1. 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 2022 which showed a net deficit position of £0.312 million. After implementing statutory accounting practice, the net position on the Board's General Fund Balance was a surplus of £0.352 million, as shown in Appendix 1. This sum, when added to the General Reserve of £1.127 million carried forward from 2020/2021, gave the Board a closing General Reserve position of £1.479 million at 31 March 2022.

The Treasurer responded to a member's question on the surplus position of the Board's General Fund Balance and the closing General Reserve position.

The Assessor and Electoral Registration Officer responded to a member's question on the training and retention of employees.

The Board decided: that the unaudited Annual Report and Accounts for the Board for the year ended 31 March 2022, attached as an appendix to the report, be approved for submission to the external auditors, Audit Scotland.

[Reference: Minutes of 7 December 2020 (Paragraph 3) and 7 March 2022 (Paragraph 3)]

Councillor Calikes left the meeting after consideration of the above item of business

10 Financial Strategy 2023/2024 to 2025/2026

A report dated 15 June 2022 by the Treasurer was submitted on a Financial Strategy for Lanarkshire Valuation Joint Board over the medium-term for the years 2023/2024 to 2025/2026 which included a Reserves strategy.

A revised medium-term financial strategy for 2021/2022 to 2023/2024 had been presented to the Board in December 2020 which detailed the planned approach to managing the Board's budget and explained the planned use of Reserves until the end of 2023/2024.

This strategy had been based on using £0.175 million of Reserves in the final year and acknowledged that, as the reliance on the use of Reserves was not sustainable in the longer term, the Board would be required to make efficiency savings of £0.175 million over the next 3 years to cover the use of Reserves after 2023/2024.

Following the 2021/2022 financial year-end, there had been a balance on Reserves of £1.479 million for use in 2022/2023 and beyond and this was the position on which the medium-term Strategy had been based.

The continued increase in workload across all 3 key business areas of the Board (Non-Domestic Valuation, Council Tax Valuation and Electoral Registration) meant that ways of maintaining service delivery and compliance with statutory duties of the Assessor and Electoral Registration Officer, against a backdrop of budgetary pressures, continued to be reviewed and were reflected in the proposed Financial Strategy.

The Board's budget for 2022/2023 had been approved by the Board at its meeting held on 6 December 2021 and Appendix 1 to the report showed the budget for 2022/2023 to 2025/2026, taking 2022/2023 as the starting point. Appendix 1 also showed the proposed Financial Strategy for the Board to the end of 2025/2026, the main principles on which it was based being that:-

- ◆ the employee cost budget reflected the progression of employees through pay grades, in line with agreed pay structures
- ◆ price increases, pay awards and an estimated 1% reduction in contributions were managed by efficiencies generated by the Board in each year
- ◆ the budget included a staff turnover target of 4% per annum (this was considered to be realistic based on prior years' experience)
- ◆ the pay award was higher than originally budgeted at 2% for 2022/2023, and then was assumed at 1% for the following 3 years (this was an area of risk)
- ◆ the transfer of Valuation Appeal Panel activities to the Scottish Courts and Tribunal Service would have no financial impact (the money would be removed from the councils' settlements and, therefore, from the income the Board received from both councils)
- ◆ the Barclay funding was assumed at the same level as 2022/2023, as no information was known beyond that year
- ◆ this position might be affected by further in-year underspends that had not yet been foreseen

Details of the Reserves forecast and strategy were also provided in the report.

As a body that was funded by contributions from councils under the direction of the Board, the Board would manage its budget in year with any risk items identified to the Treasurer as required. Any budget pressures and funding solutions would be considered by the Assessor and Electoral Registration Officer and the Treasurer.

The Treasurer responded to a member's questions on the increased workload and the risk of the pay award being higher than what had been budgeted for.

The Board decided: that the Financial Strategy 2023/2024 to 2025/2026, as detailed in the report and Appendix 1 to the report, be noted.

[Reference: Minutes of 5 March 2018 (Paragraph 4)]

11 Who We Are and What We Do

A report dated 9 June 2022 by the Assessor and Electoral Registration Officer was submitted on a document entitled "Who We Are and What We Do" which:-

- ♦ provided a brief description of the duties and functions of Lanarkshire Valuation Joint Board (LVJB), its members and the Assessor and Electoral Registration Officer
- ♦ highlighted the main undertakings in relation to the following 3 core statutory duties of the Assessor and Electoral Registration Officer which comprised the compilation and maintenance of the following for the whole of Lanarkshire:-
 - ♦ Valuation Roll
 - ♦ Valuation List
 - ♦ Electoral Registers

The Board decided: that the report be noted.

12 Lanarkshire Valuation Joint Board Public Performance Report 2021/2022

A report dated 15 June 2022 by the Assessor and Electoral Registration Officer was submitted on the Board's Public Performance Report for the financial year 2021/2022. The Public Performance Report, attached as an appendix to the report, outlined the Board's performance in its core service delivery areas during 2021/2022.

The Board decided: that the report be noted.

[Reference: Minutes of 7 June 2021 (Paragraph 9)]

13 Monitoring of Complaints - 1 April 2021 to 31 March 2022

A report dated 9 June 2022 by the Assessor and Electoral Registration Officer was submitted on complaints received by the Lanarkshire Valuation Joint Board for the period 1 April 2021 to 31 March 2022.

A total of 13 complaints had been received in the period 1 April 2021 to 31 March 2022. Of those, 3 related to Council Tax and 10 related to electoral registration. 3 complaints had been classified as upheld, 9 had not been upheld and 1 had been partially upheld.

No decisions on complaints had been received from the Scottish Public Services Ombudsman for the period 1 April 2021 to 31 March 2022.

The Board decided: that the report be noted.

[Reference: Minutes of 7 June 2021 (Paragraph 11)]

14 Progress Update

A report dated 15 June 2022 by the Assessor and Electoral Registration Officer was submitted on:-

- ◆ an overview of the Service
- ◆ current issues and Service priorities
- ◆ an update on performance
- ◆ issues affecting the future direction of the Joint Board

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 Assessor and Electoral Registration Officer responded to a member's question on the transfer of the work of the Valuation Appeal Panels to the Scottish Courts and Tribunals Service.

The Board decided: that the report be noted.

15 Urgent Business

There were no items of urgent business.

Report

3

Report to:	Lanarkshire Valuation Joint Board
Date of Meeting:	5 September 2022
Report by:	Treasurer to Lanarkshire Valuation Joint Board

Subject:	Revenue Budget Monitoring 2022/2023 - Lanarkshire Valuation Joint Board
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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 2022 to 15 July 2022
- ◆ provide a forecast for the year to 31 March 2023

2. Recommendation(s)

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

- (1) that an underspend of £0.113 million on Lanarkshire Valuation Joint Board's revenue budget, as detailed in Appendix A of the report, be noted; and
- (2) that the forecast to 31 March 2022 of break even, be noted.

3. Background

3.1. This is the second revenue budget monitoring report presented to the Lanarkshire Valuation Joint Board for the financial year 2022/2023.

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. **Period 4 Monitoring Position:** As at 15 July 2022, the variance from phased budget is an underspend of £0.113 million.

5.2. In the main, the underspend is the result of vacant posts for which recruitment is ongoing. These vacancies include the new Principal Valuer posts where the appointment of two individuals has taken place, but employment has not yet commenced.

5.3. **Forecast Position:** The financial forecast to 31 March 2023 is a break even position.

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 2022

Previous References

- ◆ Revenue Budget Monitoring 2020/2021 - Lanarkshire Valuation Joint Board – 27 June 2022

List of Background Papers

- ◆ Revenue Budget 2021/2022 – Lanarkshire Valuation Joint Board – 6 December 2021

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)

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E-mail: lorraine.o'hagan@southlanarkshire.gov.uk

LANARKSHIRE VALUATION JOINT BOARD

Revenue Budget Monitoring Report

Period Ended 15 July 2022 (No.4)

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 15/07/22	Actual 15/07/22	Variance 15/07/22		% Variance 15/07/22	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	3,137	3,137	0	820	712	108	under	13.2%	1
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	159	159	0	83	81	2	under	2.4%	
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	561	561	0	56	53	3	under	5.4%	
Payments to Other Bodies	31	31	0	5	5	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	13	13	0	1	1	0	-	0.0%	
Total Controllable Exp.	3,901	3,901	0	967	852	113	under	11.7%	
Total Controllable Inc.	(17)	(17)	0	0	0	0	-	n/a	
Net Controllable Exp.	3,884	3,884	0	967	852	113	under	11.7%	
Add Non Controllable Budgets									
Central Support Costs	381	381	0	0	0	0	-	n/a	
Total Budget	4,265	4,265	0	967	852	113	under	11.7%	
Funded By:									
North Lanarkshire Council	(2,102.5)	(2,102.5)	0	(701)	(701)	0	-	0.0%	
South Lanarkshire Council	(2,102.5)	(2,102.5)	0	(701)	(701)	0	-	0.0%	
Transfer (From) Reserves	(60)	(60)	0	0	0	0	-	n/a	
Net Budget	0	0	0	(435)	(550)	113	under	(25.9%)	

Variance Explanations

1 **Employee Costs:** The underspend reflects vacant posts for which the recruitment is ongoing.

Lanarkshire Valuation Joint Board

5 September 2022

Lanarkshire Valuation Joint Board Audit of 2021/22 annual accounts

Independent auditor's report

1. Our audit work on the 2021/22 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 5 September 2022 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. We also present for your consideration our proposed annual audit report on the 2021/22 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.

Unadjusted misstatements

4. We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature, and request that these misstatements be corrected.

5. There are no unadjusted misstatements to be reported.

Fraud, subsequent events and compliance with laws and regulations

6. 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 2022 which could have a significant impact on the annual accounts.
- any instances of non-compliance with legislation.

Representations from management

7. 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.

8. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Treasurer with the signed annual accounts prior to the independent auditor's report being certified.

9. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.



Andrew Kerr
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

Reporting 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 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement, Cash Flow Statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of Lanarkshire Valuation Joint Board as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 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 June 2021. The period of total uninterrupted appointment is 2 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 when the financial statements are authorised for issue.

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

Risks of material misstatement

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

Responsibilities of the Treasurer and 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 Valuations Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the Lanarkshire Valuations Joint Board's operations.

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 obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- obtaining an understanding of the applicable legal and regulatory framework and how the Lanarkshire Valuation Joint Board is complying with that framework;
- identifying which laws and regulations are significant in the context of the Lanarkshire Valuation Joint Board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

Reporting on other requirements

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

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

Other information

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

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

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

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

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

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

and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 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.

Andrew Kerr CA
Senior Audit Manager
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow, G2 1BT

5 September 2022

Appendix B: Letter of Representation (ISA 580)

Andrew Kerr
Senior Audit Manager
Audit Scotland
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Andrew

Lanarkshire Valuation Joint Board Annual Accounts 2021/22

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 2022.

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 2022 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.

General

The Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2021/22 annual accounts. All the accounting records, documentation, and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Lanarkshire Valuation Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.

I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements.

Financial Reporting Framework

The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (2021/22 accounting code), and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003, and The Local Authority Accounts (Scotland) Regulations 2014.

In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of Lanarkshire Valuation Joint Board at 31 March 2022 and the transactions for 2021/22.

Accounting Policies & Estimates

All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2021/22 accounting code where applicable. Where the code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting

policies applied are appropriate to Lanarkshire Valuation Joint Board's circumstances and have been consistently applied.

The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

I have assessed Lanarkshire Valuation Joint Board's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Lanarkshire Valuation Joint Board's ability to continue as a going concern.

Assets

The assets shown in the books and accounts at 31 March 2022 were owned by the Joint Board. The assets are free from any lien, encumbrance, or charge.

All leasing arrangements have been reviewed and correctly classified as operating leases within the annual accounts.

The pension assumptions made by the actuary in the IAS 19 report for Lanarkshire Valuation Joint Board have been considered and I confirm that they are consistent with management's own view.

Liabilities

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 2022.

The accrual recognised in the financial statements for holiday untaken by 31 March 2022 has been estimated on a reasonable basis.

Provisions and Contingent liabilities

I have considered the need for provisions and/or contingent liabilities in the financial statements and concluded that, other than the contingent liabilities 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 2022 and of which Joint Board could reasonably be expected to be aware.

Fraud

I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated because of fraud
- any allegations of fraud or suspected fraud affecting the financial statements
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2021/22 accounting code. I have made available to you the identity of all the Lanarkshire Valuation Joint Board's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

The remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

Management commentary

I confirm that the management commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

I confirm that Lanarkshire Valuation Joint Board has undertaken a review of the system of internal control during 2021/22 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

I confirm that the annual governance statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2022, which require to be reflected.

Events Subsequent to the Date of the Balance Sheet

I am not aware of there being any events subsequent to 31 March 2022 for which the 2021/22 accounting code requires adjustment or disclosure in the annual accounts.

Yours sincerely

Paul Manning
Treasurer to the Lanarkshire Valuation Joint Board

Lanarkshire Valuation Joint Board

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Proposed 2021/22 Annual Audit Report



 AUDIT SCOTLAND

Prepared by Audit Scotland
August 2022

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Key messages

2021/22 annual accounts

- 1 An unqualified independent auditor's report has been issued for the 2021/22 annual accounts.
- 2 The management commentary, annual governance statement and remuneration report are consistent with the financial statements and properly prepared in accordance with relevant legislation.

Financial sustainability

- 3 The Joint Board reported an underspend of £0.659 million against its final budget in 2021/22 with most of this underspend relating to employee costs.
- 4 The Joint Board's financial position is sustainable for the foreseeable future.

Governance arrangements and performance

- 5 Governance arrangements were effective in 2021/22. The Joint Board's annual governance statement is consistent with the financial statements and complies with applicable guidance.
- 6 The Joint Board's performance was impacted by the pandemic, but it continues to perform well when compared with other Scottish valuation joint boards.

Introduction

1. The scope of our audit was set out in our annual audit plan presented to the March 2022 meeting of the Joint Board.
2. This report sets out our findings from:
 - the audit of the annual accounts
 - our consideration of the Joint Board's financial sustainability, governance arrangements and performance.

Responsibilities and reporting

3. The management of the Joint Board, has responsibility for:
 - preparing financial statements which give a true and fair view.
 - putting in place proper arrangements for the conduct of its affairs.
 - maintaining proper accounting records and appropriate governance arrangements.
4. 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 supplementary guidance and International Standards on Auditing in the UK. We undertake our audit in accordance with International Standards on Auditing, and the auditing profession's ethical guidance.
5. At the conclusion of our audit, we provide an independent auditor's report for inclusion in the annual accounts.
6. Audit Scotland's Code of Audit Practice 2016 includes provisions relating to the audit of small bodies. Where the application of the full wider audit scope is judged by auditors not to be appropriate to an audited body then annual audit work can focus on the financial sustainability of the body and the disclosures in the governance statement. In our 2021/22 annual audit plan we conveyed our intention to apply the small body provisions to the 2021/22 audit of the Joint Board's annual accounts.
7. 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.

8. This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

Communication of fraud or suspected fraud

9. In line with ISA 240, in presenting this report to the Joint Board we seek confirmation from those charged with governance of any instances of actual, suspected, or alleged fraud that should be brought to our attention. Should members of the Board have any such knowledge or concerns relating to the risk of fraud within the Joint Board, we invite them to communicate this to the appointed auditor for consideration.

Adding value through the audit

10. In addition to our primary responsibility of reporting on the annual accounts we seek to add value to the Joint Board by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we aim to help the organisation promote improved standards of governance, better management and decision making, and more effective use of resources.

Appointment of external auditors 2022/23 to 2026/27

11. In March 2022, Audit Scotland wrote to the Joint Board noting that its external auditor would remain Audit Scotland for the period 2022/23 to 2026/27. We will work closely with the new auditor to ensure a well-managed transition.

New Code of Audit Practice

12. A new [Code of Audit Practice](#) applies to public sector audits for financial years starting on or after 1 April 2022. It replaces the Code issued in May 2016.

13. The Code outlines the objectives and principles to be followed by all auditors. The audit of the annual accounts is covered by auditing standards, so the Code focuses more on the wider dimension objectives and responsibilities of public sector auditors. It is a condition of their appointment by the Accounts Commission or Auditor General for Scotland that they follow it.

Auditor Independence

14. Auditors appointed by the Accounts Commission or Auditor General for Scotland must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the annual accounts auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

15. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2021/22 audit fee of £7,610 as set out in our annual audit plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

16. This report is addressed to both members of the Joint Board and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

17. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

1. Audit of 2021/22 annual accounts

The principal means of accounting for the stewardship of resources and performance.

Key messages

An unqualified independent auditor's report has been issued for the 2021/22 annual accounts.

The management commentary, annual governance statement and remuneration report are consistent with the financial statements and properly prepared in accordance with relevant legislation.

Our audit opinions on the annual accounts are unmodified

18. The annual accounts for the year ended 31 March 2022 were approved for issue by the Joint Board following its meeting on 5 September 2022.

19. 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.

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

The unaudited annual accounts were submitted for audit in line with the agreed timetable

21. We received the unaudited annual accounts on 27 June 2022 in line with the agreed audit timetable. The annual accounts submitted for audit were of a satisfactory standard as were supporting working papers. Finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

Our audit identified and addressed the significant risks of material misstatement reported in our 2021/22 annual audit plan

22. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit, we identified two significant risks of material misstatement which could impact on the annual accounts. [Exhibit 1](#) sets out these risks together with the work we undertook to address them and our conclusions from this work.

Exhibit 1

Significant risks of material misstatement reported in the 2021/22 annual audit plan

Description of Risk	Audit response to risk	Results and conclusion
<p>1. Risk of management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.</p> <p>Test journals at the year-end and post-closing entries and focus on significant risk areas.</p> <p>Evaluate significant transactions outside the normal course of business.</p> <p>We will assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</p>	<p>Results: Journal adjustments were tested, and no indications of management override of controls were found.</p> <p>We tested accruals and prepayments and confirmed that income and expenditure was properly accounted for in the financial year.</p> <p>We reviewed transactions during the year. No issues were highlighted of significant transactions outside the normal course of business.</p> <p>Judgements and estimations applied were tested to confirm they were appropriate and reasonable.</p> <p>Conclusion: No instances of management override of controls were identified.</p>

2. Significant estimation and judgement – pension liability

There is a significant degree of subjectivity in the measurement and valuation of the pension liability included in the annual accounts. The valuation is based on specialist and management assumptions and changes in these can result in material changes to the pension liability.

Evaluate the competence, capabilities, and objectivity of the actuary.

Obtain an understanding of management's involvement in the valuation process, including the information they provide to the actuary, to assess if appropriate oversight and challenge has occurred.

Critically assess the adequacy of the disclosures regarding the assumptions in relation to the valuation of the pension liability.

Results: We assessed the reliability of the actuary and reviewed their work.

We enquired with management, who confirmed their review and acceptance of the assumptions applied by the actuary.

Pension disclosures agreed in full to information from actuaries, or to financial records where applicable. No issues were identified from our work in response to this risk.

Further comment on the pension balance is included at [paragraphs 30 to 34](#).

Conclusion: No issues were identified with the assumptions applied to the pension balance. This was correctly accounted for and disclosed in the annual accounts.

Source: Audit Scotland

Our audit testing reflected the calculated materiality levels

23. Materiality can be defined as the maximum amount by which auditors believe the annual accounts could be misstated and still not be expected to affect the perceptions and decisions of users of the annual accounts. 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).

24. Our initial assessment of materiality for the annual accounts is undertaken during the planning phase of the audit. On receipt of the unaudited annual accounts, we reviewed our original materiality calculations and concluded that they remained appropriate. Our materiality levels are set out at [exhibit 2](#).

Exhibit 2

Materiality levels

Materiality level	Amount
Overall materiality: This is the figure we use in assessing the overall impact of potential adjustments on the financial statements. It has been set at 2% of gross expenditure for the year ended 31 March 2022.	£95,000
Performance materiality: This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we calculated performance materiality at 75% of planning materiality.	£70,000
Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been set at 5% of planning materiality.	£5,000

Source: Audit Scotland

No misstatements were identified

25. There were no material adjustments to the unaudited annual accounts arising from our audit. In addition, we have no unadjusted misstatements to report.

We have no significant findings to report on the annual accounts

26. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to “those charged with governance”.

27. There are no significant findings to report.

28. The qualitative aspects of the Joint Board’s accounting practices, accounting policies, accounting estimates and accounts disclosures are satisfactory and appropriate to the Joint Board.

29. In accordance with normal audit practice, a few presentational and disclosure amendments were discussed and agreed with management.

Other areas of audit interest from the annual accounts

Market volatility has caused significant movement in the pension balance

30. This section is included for information as we consider that the large year-on year movement in the pension balance requires explanation and comment. We are satisfied that the Joint Board’s disclosure of its pension balance complies with required accounting practices.

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

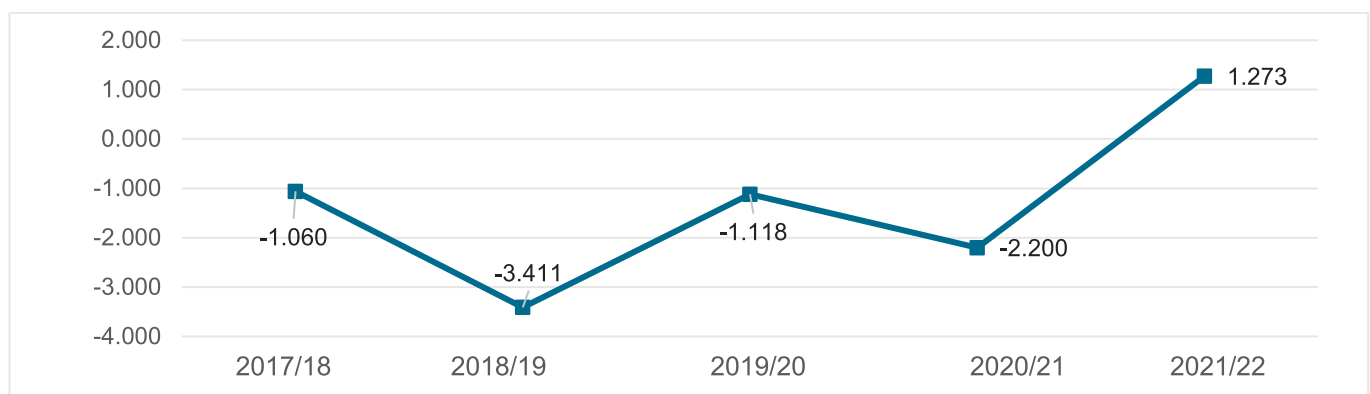
32. The Joint Board is an admitted member of Strathclyde Pension Fund. Valuation of pension fund assets and liabilities is assessed by an independent firm of actuaries (Hymans Robertson LLP). Pension assets and liabilities are calculated annually for each individual member body, by the actuary, for inclusion in the annual accounts. 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. We have reviewed the actuarial assumptions used for the valuation and are satisfied that they appear reasonable and in line with assumptions used by other public sector actuaries over the same period.

33. The Strathclyde Pension Fund actuary provided an estimate of the Joint Board's asset as at 31 March 2022. The actuary advised of a positive movement of £3.473 million in this balance, from a liability position of £2.200 million in 2020/21 to an asset of £1.273 million in 2021/22.

34. [Exhibit 3](#) sets out the movement in the Joint Board's pension balance over the last five years, with 2021/22 showing an asset position. Historically there has been considerable volatility year-on-year in the valuation of pension fund assets and liabilities across the public sector. Small changes in actuarial assumptions can have a significant impact on the calculation of the closing position and this is reflected in the movements in the Joint Board's pension balance over the last five years.

Exhibit 3

Pension balance position 2017/18 to 2021/22



Source: Lanarkshire VJB audited annual accounts 2017/18 to 2021/22

Our audit work addressed the wider dimension risk identified in our 2021/22 annual audit plan

35. The [Code of Audit Practice 2016](#) requires auditors to consider the wider dimensions of public sector audit. Within our 2021/22 annual audit plan, under this responsibility, we identified one wider dimension risk in relation to:

- Workload demands - impact on performance

36. [Appendix 1](#) summarises the audit procedures we performed during the year to obtain assurances over this risk and the conclusions from the work completed. Further details of our work in relation to the audit dimensions is included in sections two and three of this report.

Follow up of prior year recommendations

37. There were no actions raised in our [2020/21 annual audit report](#).

2. Financial sustainability

Financial Sustainability looks forward to the medium and long term to consider whether a body is planning effectively to continue to deliver its services.

Key messages

The Joint Board reported an underspend of £0.659 million against its final budget in 2021/22 with most of this underspend relating to employee costs.

The Joint Board's financial position is sustainable for the foreseeable future.

The Joint Board reported an underspend of £0.659 million against its final budget in 2021/22 with most of this underspend relating to employee costs

38. The Joint Board is mainly funded by requisitions from its constituent members North Lanarkshire Council and South Lanarkshire Council.

39. The Joint Board approved its 2021/22 budget in December 2020. This was set based on net expenditure of £3.835 million, with a planned contribution from the Board's reserves of £0.345 million. During the year, this budget was revised to include additional funding received to support the Barclay review (£0.704 million). Further changes also included a reduction in Cabinet Office funding of £0.020 million. In addition, the final 2021/22 grant settlement received by councils did not include the expected 1% reduction per the Board's original budget. As the settlement was not reduced, budgeted requisition payments of £0.038 million were reinstated. This was offset by a reduction in the use of reserves to balance the budget.

40. The various changes resulted in a final budget of £4.677 million for 2021/22 and included a revised budget transfer from reserves of £0.307 million.

41. The actual outturn in 2021/22, as reported in the annual accounts, was total net expenditure of £4.019 million and total income of £4.371 million, resulting in an underspend of £0.352 million. When compared with the final budget of £4.677 million, there is an actual underspend of £0.659 million. As a result of this position, the planned use of £0.307 million of reserves was not needed, instead, an additional £0.352 million was transferred to the Joint Board's reserves in 2021/22.

42. Most of the variance against budget is in relation to employee costs. The underspends in employee costs both in 2021/22 (£0.546 million) and in previous years (£0.759 million in 2020/21) has led to the general fund reserve balance increasing, [exhibit 4](#). Management advised that despite running recruitment

campaigns, there were a number of vacant posts not filled throughout the year that contributed to this underspend.

The Joint Board's financial position is sustainable for the foreseeable future

43. There is evidence that its constituent councils will continue to support the operations and existence of the Joint Board, with a balanced budget agreed for 2022/23. When combined with the medium-term financial and workforce plans in place, together with the new three-year Service Plan, we consider the Joint Board to be financially sustainable for the foreseeable future.

The 2022/23 budget is balanced

44. The Joint Board approved its 2022/23 budget in December 2021. This was set based on gross expenditure of £3.665 million, with a planned contribution from the Board's reserves of £0.193 million.

45. Since setting the budget, final confirmation of the Local Government Finance Settlement together with information on government grants, including Barclay funding, has been received. These adjustments take the overall budget to £4.265 million for 2022/23, with a revised use of reserves of £0.060 million.

46. Members monitor the Joint Board's budget position through the budget monitoring reports presented to each meeting of the Joint Board. The budget monitoring reports provide an overall picture of spend against budget and include a good level of detail in the narrative to explain the main budget variances.

47. The 2022/23 budget monitoring update presented to the June 2022 meeting of the Joint Board noted a budget underspend of £0.059 million as at May 2022 with a forecast break-even position for the year-ended 31 March 2023.

There remain difficulties with staff recruitment

48. Employee costs comprise the greater part of the Joint Board's annual expenditure (71% of net expenditure in 2021/22). This should dictate that the Joint Board adopts a strategic approach to workforce and succession planning and that this should be closely related to the Joint Board's other corporate strategies.

49. The Joint Board has recognised the need for a longer-term strategic approach to its workforce and established a workforce plan in 2020/21. The plan covers the financial years 2020/21 to 2023/24. This will help ensure it meets the demands placed on it by its stakeholders over the coming years.

50. To help management address and monitor the workforce requirements, in conjunction with the workforce plan, an action plan sits alongside this. This focusses on areas where significant change has been identified and where action is needed to deliver on core functions. The action plan identifies the number of staff needed for each of the core objectives together with actions to help achieve future workload priorities.

51. The Joint Board will see an increase in its workload over the coming years. This includes preparations for the first non-domestic rating revaluation in 2023 following the Barclay review. There will likely be an increase in demand for

qualified chartered surveyors to ensure compliance with the recommendations of this review.

52. Management recognises that a shortage of qualified chartered surveyors and the inability to recruit and retain them represents a risk to the delivery of future services. The Joint Board has advertised and recruited for a number of roles during 2021/22 but the competitive labour market has meant that a number of vacancies still exists.

53. There have been significant underspends in employee costs over the past few years. Whilst we recognise the competitive labour market in which the Joint Board is operating in, there is an ongoing need for management to closely monitor the workforce to ensure capacity pressures do not negatively impact on the Joint Board's ability to deliver its services and objectives in a sustainable way.

54. At each meeting of the Joint Board, management provide members with an update on staffing changes that have occurred during the quarter. This allows members to assess and scrutinise the latest workforce position of the Joint Board.

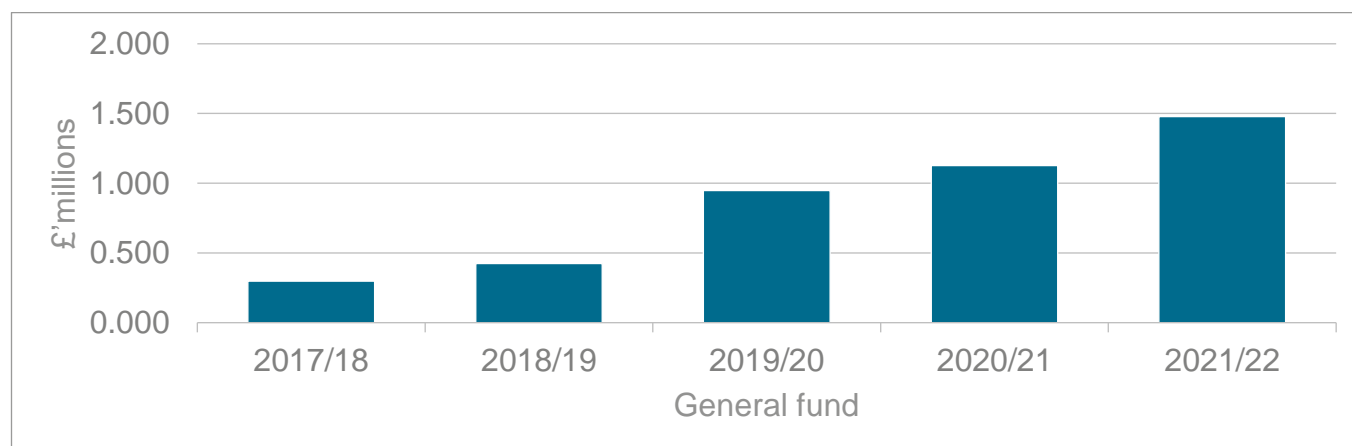
55. Despite these workforce pressures, as noted at [paragraphs 75 to 78](#), the Joint Board continues to perform well when compared with other Scottish boards, with its performance in 2021/22 not negatively impacted by resourcing pressures.

The Joint Board has a strategy in place for the utilisation of its reserves

56. As at 31 March 2022 the Joint Board's general fund stands at £1.479 million (31 March 2021: £1.127 million). [Exhibit 4](#) provides an analysis of the Joint Board's general fund over the last five years. The reserve balance has increased substantially over the past few years primarily because of unplanned underspends in employee costs.

57. The Financial Management Code (FM Code) from CIPFA applies from 2021/22 and is designed to support good practice in financial management, with compliance against the principles helping local authorities demonstrate financial sustainability. The Joint Board undertook a self-assessment against the Code during the shadow implementation year, 2020/21. The review highlighted the need for a statement as to the adequacy of the Joint Board's reserves to be included in its 2022/23 budget paper.

58. There is no prescribed level of reserves, but the Treasurer has a responsibility to advise the Joint Board on the creation and levels of reserves that are appropriate to its circumstances. As part of its medium-term financial strategy, discussed further below, the Joint Board has plans in place to utilise a portion of this reserve balance between 2022/23 to 2025/26. This reserve strategy provides a clear plan for the effective management of the Joint Board's reserves which will be key to it maintaining financial sustainability. The strategy also ensures compliance with the outstanding prior year FM Code principle.

Exhibit 4**Analysis of general fund 2016/17 to 2020/21**

Source: Lanarkshire VJB audited annual accounts 2017/18 to 2021/22

The Joint Board has produced a new medium-term financial strategy

59. The Joint Board approved its new medium-term 'Financial Strategy 2023/24 to 2025/26' in June 2022. This outlines the Joint Board's planned management of its budget and reserves over this period, [exhibit 5](#). The strategy allows management and members to consider the impact of the Joint Board's increased workload set against the current financial pressures being experienced by most public organisations. It provides actions to mitigate some of these pressures. For example, there are plans to use some of the Joint Board's £1.479 million reserve balance over this medium-term to reduce the contributions required from both constituent member councils. The strategy also commits to achieving efficiency savings of £0.175 million over this period.

60. The strategy is predicated on several assumptions. Based on known information to date, the assumptions applied appear reasonable.

61. The main area of uncertainty in the strategy relates to the Barclay funding. The strategy assumes that the Barclay funding will remain at the same level as 2022/2023, being £0.698 million, for the remainder of the current parliamentary term. The Scottish Government has not provided any information beyond 2024/2025. As such, the Joint Board will be required to cover the risk that the Barclay funding is reduced or removed after 2024/25. The Joint Board considers the proposed reserve balance of £0.502 million, as at 2025/26, to be reasonable to mitigate this risk.

62. As the strategy progresses and more information becomes available, including the crystallisation of any Barclay announcements, consideration should be given to reviewing and updating the strategy to ensure it incorporates the latest funding and reserve position of the Joint Board.

Exhibit 5

Budget and reserves position 2022/23 to 2025/26

Year	2022/23 £'million	2023/24 £'million	2024/25 £'million	2025/26 £'million
Total expenditure	4.265	4.302	4.367	4.403
Total funding	4.205	4.120	4.035	4.000
Use of reserves	0.060	0.182	0.332	0.403
Closing reserves balance	1.419	1.237	0.905	0.502

Source: Lanarkshire VJB Financial Strategy 2023/2024 to 2025/2026

3. Governance arrangements and performance

The effectiveness of scrutiny and oversight, and transparent reporting of information, including performance

Key messages

Governance arrangements were effective in 2021/22. The Joint Board's annual governance statement is consistent with the financial statements and complies with applicable guidance.

The Joint Board's performance was impacted by the pandemic, but it continues to perform well when compared with other Scottish valuation joint boards.

The Joint Board approved its new Service Plan covering 2022 to 2025

63. At the March 2022 meeting of the Joint Board members approved the new Service Plan that covers the period 1 April 2022 to 31 March 2025. The Plan has been developed to assist the Board in ensuring that its services are delivered as effectively and efficiently as possible to service users. The Service Plan sets out the key challenges faced by Joint Board within its three core business areas.

Electoral Registration

- to respond to and implement changes which result from any electoral reform throughout the currency of the Service Plan.
- to plan for and ensure service delivery for each election arising over the period of the Service Plan.
- to implement changes which result from any boundary review and polling district review processes.
- to ensure the completeness and accuracy of the Electoral Registers.

Non-Domestic valuation

- to ensure the maintenance of the Valuation Roll between revaluations and that values accurately reflect changes to Valuation Roll entries.
- to ensure the disposal of all appeals received in accordance with statutory timescales.

- to plan for and ensure the completion of, in accordance with statutory timescales, the 2023 Revaluation; undertake new statutory duties which are because of the Barclay Review of Non-Domestic Rating.

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 affected as soon as possible.
- to continue to deal with proposals to alter Council Tax bands as efficiently as possible.

64. As with the previous iteration of the Service Plan, regular updates on the key business areas noted above, and progress on specific projects contained within the Plan, will be reported to the Joint Board for members to review and scrutinise.

Governance arrangements were effective in 2021/22. The Joint Board's annual governance statement is consistent with the financial statements and complies with applicable guidance

65. A Local Code of Corporate Governance was approved by the Joint Board in March 2019. Each year the Joint Board undertakes a review of its governance arrangements against these principles. In line with good practice, going forward, we would advise that management formally documents and reports this review to the Joint Board each year.

66. Public bodies have had to quickly change how they deliver services in response to the ongoing Covid-19 outbreak and the related restrictions introduced. The widespread use of virtual working and the rapid introduction of new programmes and working practices created a range of potential financial risks and challenges to internal controls. In its annual governance statement, the Joint Board has made appropriate disclosure of the continued impact that Covid-19 has had on its governance arrangements in 2021/22 and the steps it has taken in response to this.

67. South Lanarkshire Council's internal audit function carries out specific audit work on the Joint Board in line with the agreed Service Level Statement between the two organisations. Internal audit provides the Joint Board with independent assurance on risk management, internal control, and corporate governance processes.

68. The Internal Audit Manager's annual assurance statement concluded that a reasonable level of assurance could be placed on the adequacy and effectiveness of the Joint Board's framework of governance, risk management and control arrangements for the year ended 31 March 2022. This assurance has been disclosed in the Joint Board's annual governance statement.

69. The information in the annual governance statement is consistent with the financial statements and our knowledge of the Joint Board's operations and was prepared in accordance with the CIPFA/SOLACE guidance: Delivering Good Governance in Local Government: Framework (2016).

High-level systems of internal control operated effectively during 2021/22

70. South Lanarkshire Council, as host authority, provides support in some key areas of business, particularly in finance, legal and information technology, with the council's systems used to produce the Joint Board's annual accounts.

71. The appointed external auditor of South Lanarkshire Council considered whether the council's key accounting and internal financial controls were adequate to prevent material misstatements in the annual accounts. These are the same systems used to produce the Joint Board's annual accounts.

72. We have reviewed the council's external auditor's findings. They concluded that the key controls within its main financial systems were operating satisfactorily. As such, we are satisfied there is no significant risk to the Joint Board's annual accounts.

The Joint Board's 2021/22 management commentary provides a reasonable picture of its performance and operational activity for the year

73. The management commentary is intended to expand upon and provide clarity and context to the information in the annual accounts. Guidance emphasises that each body has scope for innovation and variation on how it "tells its story." The general principle is that it should provide "a fair, balanced and understandable" analysis of a body's performance to meet the needs of members and other stakeholders, including members of the public.

74. We concluded that the 2021/22 management commentary is consistent with our knowledge and experience of the organisation and presents a reasonable picture of the Joint Board's performance.

The Joint Board's performance was impacted by the pandemic, but it continues to perform well when compared with other Scottish valuation joint boards

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

Council tax – addition of new houses to the council tax list

76. We concluded that, in respect of adding new houses to the council tax valuation list, the Joint Board is performing above the national average, [exhibit 6](#). The performance achieved exceeded the targets as set out in the Joint Board's performance report, being 87% and 92% for within 3 and 6 months, respectively.

77. During the year, the Joint Board's internal audit function undertook a review of the process to value, and add, new dwellings, to the council tax valuation list. The review identified a few recommendations primarily relating to the documentation in support of the valuations. However, an overall reasonable level of assurance was provided. Internal audit noted that generally, the expected controls were in place for the addition of new domestic dwellings to the valuation list.

Exhibit 6

Council tax – addition of new houses to the council tax list

	Average of comparator boards			Lanarkshire VJB		
Year	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22
Achievement						
Within 3 months	92%	83%	88%	96%	93%	93%
Within 6 months	97%	94%	97%	99%	98%	98%

Source: Scottish Assessors Association – KPIs 2021/22

Valuation roll – amendments to the valuation roll

78. In respect of amendments to the valuation roll, the Joint Board's performance was impacted by the pandemic, with lockdowns and other restrictions limiting site visits. Although an improvement on last year, the Joint Board's targets of 77% of alternations being made within 3 months and 92% within 6 months were not met. However, the Joint Board's performance in this area is above the national average when compared with the other Scottish boards, [exhibit 7](#). From review of the Joint Board's historical performance, and given the mitigating circumstances, we do not consider this to represent deeper issues over the Joint Board's performance, with the 2021/22 results trending back towards its pre-pandemic performance levels.

Exhibit 7

Valuation roll – amendments to the valuation roll

	Average of comparator boards			Lanarkshire VJB		
Year	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22
Achievement						
Within 3 months	68%	54%	61%	84%	38%	68%
Within 6 months	82%	72%	78%	93%	66%	83%

Source: Scottish Assessors Association – KPIs 2021/22

National performance reports

79. 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 2021/22, which may be of interest to members can be found on the Audit Scotland [website](#).

Appendix 1 Audit dimension risk

The table below sets out the audit dimension risk that we identified in our 2021/22 annual audit plan together with a summary of the audit procedures we performed during the year to obtain assurances over this risk and the conclusions from the work completed.

Audit dimension risk

Description of risk	Audit response to risk	Results and conclusions
<p>1. Workload demands - impact on performance</p> <p>There is a risk that there will be insufficient resources to meet the increased operational needs in relation to:</p> <ul style="list-style-type: none"> the recommendations arising from the Barclay review of non-domestic rates. potential increased workload arising from complex appeals including demands of the designated assessor responsibility in the valuation of electricity generation subjects. inability to attract suitably qualified staff due to market competition. 	<p>Review of updates to the workforce plan.</p> <p>Ongoing discussions with key client staff.</p> <p>Review of key performance indicators.</p> <p>Consideration of the latest financial strategy.</p>	<p>Results: The Joint Board has developed a workforce plan covering 2020/21 to 2023/24 and a new medium-term financial strategy covering 2023/24 to 2025/26.</p> <p>As noted in paragraphs 75 to 78, overall, the Joint Board's performance was not impacted by resourcing pressures. Although Covid-19 did affect performance relating to amendments to the valuation roll, we do not consider this to represent deeper issues over the Joint Board's performance, with the 2021/22 results showing a trend back towards pre-pandemic performance levels.</p> <p>There was a budget underspend of £0.546 million in employee costs for 2021/22 partly due to vacant posts for which recruitment is ongoing.</p> <p>Conclusion: Although resource pressures remain, these did not negatively impact on the Joint Board's performance in 2021/22.</p>

Lanarkshire Valuation Joint Board

Annual Audit Report 2021/22

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

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Report

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Report to:	Lanarkshire Valuation Joint Board
Date of Meeting:	5 September 2022
Report by:	Treasurer to Lanarkshire Valuation Joint Board

Subject:	Audited Accounts 2021/2022
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1. Purpose of Report

1.1. The purpose of the report is to:

- ♦ advise members of the requirement to approve the Audited Accounts for 2021/2022 for signature, following the external audit of the Accounts

2. Recommendation(s)

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

- (1) that it be noted that the Accounts 2021/2022 received a clean audit certificate (section 4.3.);
- (2) that the audited Accounts 2021/2022, be approved for signature (Appendix 1); and
- (3) that it be noted that the audited Accounts 2021/2022 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 2021/2022.
- 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. 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 2021/2022 Accounts and related matters.
- 4.3. In summary, the report provides a clean audit certificate. There were no issues arising from the 2021/2022 audit work which merited a recommendation or action plan point.

- 4.4. The audited Accounts for 2021/2022 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 David Dale House, Blantyre.

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

18 August 2022

Previous References

- ◆ Lanarkshire Valuation Joint Board Unaudited Annual Report and Accounts 2021/2022 (Board Meeting, 27 June 2022)

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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**LANARKSHIRE VALUATION JOINT BOARD
ANNUAL ACCOUNTS
2021/2022**



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Membership of the Board (2021/2022)

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 2021/2022 were as noted below:

South Lanarkshire Council

Councillor Lynsey Hamilton (Depute Convenor)
Councillor Poppy Corbett
(until 3 November 2021)
Councillor Peter Craig
Councillor Isobel Dorman
Councillor Geri Gray
Councillor Ann Le Blond
Councillor Jim Wardhaugh
Councillor Walter Brogan*

North Lanarkshire Council

Councillor Alex McVey (Convenor)
Councillor Caroline Stephen

Councillor Bob Burgess
Councillor Tom Castles
Councillor Jim Reddin
Councillor Tom Johnston
Councillor William Shields
Councillor Annette Valentine
Councillor Meghan Gallagher
(until 17 June 2021)
Councillor Trevor Douglas
(from 17 June 2021)

*Councillor Walter Brogan was elected as Convenor of the Board at its meeting on 27 June 2022

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: Cleland Sneddon (Chief Executive of South Lanarkshire Council)

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

Management Commentary 2021/22

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 2022. 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 2022 and covers the period April 2022 through to March 2025. 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 Register, Valuation Roll and the Valuation (Council Tax) List".

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 2021/22, was as follows:

Of 2,818 new Council Tax entries added, 93% were completed within 3 months of the effective date against a target of 87%. 98% were completed within 6 months against a target of 92%.

Of 976 alterations to the non-domestic valuation roll, 68% were completed within 3 months of the effective date against a target of 77% and 83% were completed within 6 months against a target of 92%. The three monthly and six monthly targets were not met, essentially due to the continued challenges as a result of the pandemic and in particular the limitations on carrying out on-site surveys.

With regards to electoral registration, within the period 2021/2022, in addition to two by-elections held in North Lanarkshire, the principal activities centred on maintaining the completeness and accuracy of the registers, together with preparations for and the undertaking of the Scottish Local Government Election on 5 May 2022, the associated tasks to which were carried out successfully.

The annual canvass of electors 2021 was subject to major reform with the introduction of The Representation of the People (Annual Canvass) (Miscellaneous Amendments) (Scotland) Regulations 2020. Under the reformed canvass, data matching was used at the outset of the canvass to help identify those properties where the residents are more likely to have changed. All Electoral Registration Officers in Great Britain were required to match specified data they hold on registered electors against the Department for Work and

Pensions' Customer Information System (DWP CIS) dataset. This dataset is already used in the electoral registration process to verify an applicant's identity. The household visit element of the 2021 canvass was able to proceed, with suitable precautions undertaken as a result of the pandemic, with circa 31,000 properties being canvassed. The canvass reforms also allowed for e-communications that included telephone and email contact. The canvass was concluded successfully, and the registers were published on 1 December 2021.

More information on the Board's performance during 2021/2022 can be found on the Board's website at www.lanarkshire-vjb.gov.uk

Financial Performance

Revenue

The Comprehensive Income and Expenditure Statement on page 20 summarises the total costs of providing services and the income available to fund those services. The Board set a net operating expenditure budget for 2021/2022 of £3.835m to be funded by contributions from the two constituent local authorities. 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 £0.345m. During the year, this budget was increased to include Scottish Government funding held in Reserves by South Lanarkshire Council for Postal Votes and Household Notifications. It was also increased to reflect funding received from the Scottish Government for the implementation of the Barclay Review. This gave a final budget of £4.677m for the year.

In comparison to this revised 2021/2022 budget, the Board returned a surplus of income over expenditure of £0.352m which, compared with the budgeted deficit of £0.307m, resulted in £0.659m of an improvement in the Board's position. This surplus excludes the accounting adjustments relating to pensions and short-term accumulating absences.

The Table overleaf compares the revised budget of the Board at the 31 March 2022. The difference between the net expenditure figure overleaf 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 19.

Lanarkshire Valuation Joint Board Revenue Budget 2021/2022

	Budget	Actual	Variance
	£000	£000	£000
Employee Costs	3,396	2,850	546
Property Costs	206	201	5
Supplies and Services	208	147	61
Transport and Plant	0	0	0
Administration Costs	829	773	56
Payments to Other Bodies	31	28	3
Financing Charges	14	35	(21)
Total Expenditure	4,684	4,034	650
Income	(7)	(15)	8
Net Expenditure	4,677	4,019	658
Funded by:			
Contributions from Councils	(4,370)	(4,371)	1
Total	(4,370)	(4,371)	0
(Surplus) / Deficit for the Financial Year	307	(352)	659

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 has continued (and 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 2022 reported net assets of £2.818m compared with net liabilities of £1.017m as at 31 March 2021, a movement of £3.835m during the year. This is mainly due to a £3.473m increase in the Board's pension fund asset which is calculated by independent actuaries as part of the Strathclyde Pension Fund.

Adding the surplus on the Balance Sheet as at 31 March 2022 (£0.352m) to the Board's General Reserve carried forward from 2020/2021 (£1.127m), gives the Board a closing General Reserve position of £1.479m at the end of 2021/2022. This is shown in the Expenditure and Funding Analysis on page 19 and the Movement in Reserves Statement on page 22.

Pension Fund

The disclosure requirements for pension benefits under International Accounting Standard 19 are detailed at Note 16. The appointed actuary assessed the Board's share of Strathclyde Pension Fund as a net asset of £1.273m as at 31 March 2022, compared with a net liability of £2.200m as at 31 March 2021. 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 Pension Asset 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 2022.

Whilst indicative of a broad position in terms of a pension asset, 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 16: Defined Benefit Pension Schemes on page 34

provides more details on pensions including the factors affecting the pension asset 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 2022 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.

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

The Board approved LVJB's Service Plan at its meeting of March 2022. An update on the service plan is provided annually to the Board. Future developments are anticipated in the following service areas:

Electoral Registration

Following the Local Government Election, preparatory work will commence for the annual canvass of electors 2022 with principal work again focusing on maintaining the electoral registers. It is expected that a number of by-elections will take place within the period 2022/23, and any legislative changes which impact on the workload of our electoral service delivery area – in particular connected with the Elections Act 2022 - will be actively monitored.

Valuation

Preparatory work associated with implementing the Non-Domestic Rates (Scotland) Act 2020, which came into force on 11 March 2020, will continue into the period 2022/23. A draft valuation roll will be published late in 2022, with the new valuation roll coming into effect on 1 April 2023; a non-domestic revaluation is a significant, resource intensive undertaking which will form a major part of the workload for our organisation over the coming period. With 2017 non-domestic revaluation appeals, those at the Lands Tribunal for Scotland apart, now disposed of in accordance with statutory disposal timescales (31 December 2021 for 2017), work will also continue with maintaining the valuation roll and disposing of running roll appeals where possible (further consideration of the voluminous levels of appeals received as a result of the pandemic will be undertaken once proposed legislation in connection with such appeals is made by the Scottish Government).

In respect of Council Tax, work will continue with maintaining the Valuation List, entering new houses on the List as efficiently as possible.

With revised ways of working now somewhat established having undertaken a period of business process re-engineering, essentially as a result of the pandemic - together with the resumption of site visits where deemed appropriate - it is envisaged that alterations to the valuation roll should be once again undertaken in line with targets, and that entering new houses in the valuation list should continue to be in line with targets also.

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 previous Financial Budget Strategy to 2023/24 was approved in June

2019. This has been updated in June 2022 to refresh the Strategy and to extend the timeframe to 2025/2026. 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 will continue to be revised annually, with consideration given to any changes in the financial horizon, and will be presented to the Board.

The Budget for 2022/2023 itself was refreshed in June 2022, and now includes the Barclay funding notified for the year. The expenditure budget totals £4.265 million and is funded by contributions from councils (including the Barclay allocations) and the use of Reserves (£0.060 million).

Taking into account the use of £0.060 million in 2022/2023 will leave £1.419 million in Reserves for future years. This equates to 33% of the Board's annual budget for 2022/2023.

The Table below summarises the impact on Reserves across the 3 years of the Strategy leaving a balance of £0.502 million at the end of 2025/2026.

Reserves Forecast and Strategy

	2022/23 (year 0) £m	2023/24 (year 1) £m	2024/25 (year 2) £m	2025/26 (year 3) £m
Opening Balance	1.479	1.419	1.237	0.905
Proposed Utilisation of Reserves	(0.060)	(0.182)	(0.332)	(0.403)
Closing Balance	1.419	1.237	0.905	0.502

The balance on Reserves (£0.502 million) is after a reduction in council contributions of £0.050m in 2023/2024 and 2024/2025. This still represents a significant balance. The reason it is considered appropriate to work towards holding this level of reserve relates to a risk that funding for Barclay may not be recurring beyond this timeframe.

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 continued pressure on resources could have an adverse impact on performance and service delivery.

Risks and Uncertainties

The Board noted the Risk Register Update 2022 at its meeting in March 2022. The main risks highlighted are the inability to deal with the increase in non-domestic appeals activity and the failure to recruit and/or retain qualified valuation staff. In respect of the first highlighted risk, as noted earlier, the outcome of proposed legislation - the Non-Domestic Rates (Coronavirus) (Scotland) Bill - is awaited before scoping further the workload associated with the voluminous levels of appeals received as a result of the pandemic. With regards to the second risk, dialogue continues with all officers to the Board, as well as with South Lanarkshire Council's Personnel Services in relation to retaining and recruiting suitably qualified personnel to deal with the anticipated workload for coming years, in particular the workload associated with the recommendations from the Barclay Review into non-domestic rates. All risks are monitored by LVJB's management team with a view to mitigating each risk, whether an existing or emerging risk.

Coronavirus Pandemic

Whilst there has been a return to some form of normality, the risks associated with the pandemic remain. New working practices have evolved as a result of, in particular, the lockdowns introduced countrywide; working practices such as undertaking tasks from home,

sourcing more information digitally, and using electronic communications where deemed appropriate, have been introduced over the last two years. With blended working arrangements now in place involving working some time within the office and some time from home, the risks against service failure associated with the pandemic escalating again are somewhat mitigated against.

One of the main impacts on LVJB's operations of the pandemic was the inability to carry out site visits for council tax, non-domestic changes, and electoral matters. Such visits have resumed, with appropriate safety guidance, and as such should contribute to our organisation's ability to maintain as accurately and complete as possible the Valuation Roll, Council Tax List and Electoral Registers. LVJB's staff are to be commended again on their ability to adapt to changing processes to ensure that all statutory functions are carried out.

Conclusion

Given the continued challenges which all organisations have faced as a result of the coronavirus pandemic, operational performance continued to remain positive for the period 2021/22, in particular in respect of delivering a major electoral event, and meeting targets in respect of entering new dwellings in the Valuation List. It is anticipated that the resumption of site visits will assist in performance in respect of undertaking alterations to the valuation roll for non-domestic subjects. Sound financial management and medium term planning has enabled the Board to successfully manage the financial challenges faced during financial year 2021/22. However, there remain a number of challenges going forward, not least the challenges posed by the introduction of three yearly non-domestic revaluations with effect from 1 April 2023; an associated change to the non-domestic appeals system scheduled to be implemented with effect from 1 January 2023; and further potential challenges posed by the introduction of the Elections Act 2022.

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 2022, and to everyone involved in the preparation of the Annual Accounts.

Paul Manning
Treasurer

Gary Bennett
Assessor and ER Officer

Cllr Walter Brogan
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 5 September 2022.

Councillor Walter Brogan
Convenor of Lanarkshire Valuation Joint Board
5 September 2022

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 2022, and its income and expenditure for the year ended 31 March 2022.

Paul Manning
Treasurer of Lanarkshire Valuation Joint Board
5 September 2022

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
- There are a range of policies such as the Counter Fraud, Bribery and Corruption Policy Statement and Strategy, Fraud Response Plan, Whistleblowing for Third Parties and Confidential Reporting procedures. These continue to be updated to reflect best practice and support a culture of ethical behaviour amongst employees and councillors.

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.

CIPFA Financial Management Code

The Chartered Institute of Finance and Public Accountancy (CIPFA) has introduced a Financial Management Code (the FM Code). The FM Code provides "guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the code, authorities will be able to demonstrate their financial sustainability". A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management.

The Board reviewed the principles of the FM Code and carried out a self-assessment as part of its internal governance regime during 2020-2021. This identified that the Board where appropriate had fully embedded all but 1 of the principles of the Code in its normal business. An action was identified for the remaining principle which was to include a statement re the adequacy of reserves in the next budget strategy paper. The refreshed Budget Strategy covering the period to end 2025/2026 was presented to the Board in June 2022. This included reference to the level of Reserves and a plan for their use moving forward.

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 2021/2022 was presented to the Board on 27 June 2022. 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 2022.

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 report, [Audit Scotland Annual Report 2020/2021](#), did not identify any Governance actions for implementation during 2021/2022.

Coronavirus Pandemic

Whilst there has been a return to some form of normality, the risks associated with the pandemic remain. New working practices have evolved as a result of, in particular, the lockdowns introduced countrywide; working practices such as undertaking tasks from home, sourcing more information digitally, and using electronic communications where deemed appropriate, have been introduced over the last two years. With blended working arrangements now in place involving working some time within the office and some time from home, the risks against service failure associated with the pandemic escalating again are somewhat mitigated against.

One of the main impacts on LVJB's operations of the pandemic was the inability to carry out site visits for council tax, non-domestic charges, and electoral matters. Such visits have resumed, with appropriate safety guidance, and as such should contribute to our organisation's ability to maintain as accurately and complete as possible the Valuation Roll, Council Tax List and Electoral Registers. LVJB's staff are to be commended again on their ability to adapt to changing processes to ensure that all statutory functions are carried out.

Assurance

In conclusion, there were no significant weaknesses identified in the Annual Audit Report relating to improvements requiring action in 2021/2022. 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 2021/2022.

Gary Bennett
Assessor and ER Officer
5 September 2022

Councillor Walter Brogan
Convenor
5 September 2022

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 and 5 and 6 in this Remuneration Report and details of exit packages have been audited by Audit Scotland. The other sections of the Remuneration Report have been 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/151 sets the amount of salary for Chief Officers for 2021/2022.

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 2020 (SSI 2020/26). 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 applied 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:

Table 1 - General Pay Band Disclosure for Senior Employees

Annual Remuneration	Number of Employees	Number of Employees
£	2021/22	2020/21
50,000 – 54,999	6	2
55,000 – 59,999	0	0
60,000 – 64,999	2	2
65,000 – 69,999	0	0
70,000 – 74,999	2	2
75,000 – 114,999 (Note 1)	0	0
115,000 – 119,999	1	1

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

Tables 2 and 3 provide details of the remuneration paid to the Board's senior employees, Convenor and Depute Convenor. Comparative figures for 2020/2021 have been shown.

Table 2 – Senior Employees

Name / Post	Salary / Fees	Taxable Expenses	Compensation for Loss of Office	Any other Remuneration	2021/22 Total	2020/21 Total
G Bennett Assessor and Electoral Registration Officer	£119,906	-	-	-	£119,906	£119,036
J Neason Assistant Assessor and Electoral Registration Officer	£73,263	-	-	-	£73,263	£72,449
R Pacitti Assistant Assessor and Electoral Registration Officer	£73,263	-	-	-	£73,263	£72,449
Total	£266,432	-	-	-	£266,432	£263,934

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

Name / Post	Salary / Fees	Taxable Expenses	Compensation for Loss of Office	Any other Remuneration	2021/22 Total	2020/21 Total
A McVey Convenor	£5,934	-	-	-	£5,934	£4,468
L Hamilton Depute Convenor	£3,476	-	-	-	£3,476	£3,336
Total	£9,410				£9,410	£7,804

Pension Rights

Pension benefits for councillors and Lanarkshire Valuation Joint Board (LVJB) employees are provided through the Local Government Pension Scheme (LGPS).

LVJB employees had a final salary pension scheme prior to 1 April 2015. 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. As of 1 April 2015, LVJB employees are now part of a defined benefit pension scheme worked out on a career average basis. Benefits built up are calculated using pensionable pay each scheme year, rather than final salary. All benefits built up prior to this date are protected.

From 1 April 2009, a five-tier contribution system was introduced with contributions from scheme members based on how much pay falls into each tier. This is designed to give more equality between the costs and benefits of scheme membership. Under The Local Government Pension Scheme (Scotland) Regulations 2014, the earnings ranges used to determine annual contribution rates are to be increased each year by any increase applied to pensions under the Pensions (Increase) Act 1971. In accordance with this the salary bands for 2019/2020 were uprated by the Consumer Price Index (CPI) increase for 2020/2021.

The member contribution rates and tiers for 2021/2022 are shown in Table 4 along with those that applied in 2020/2021:

Table 4 – Pension Contribution Rates

Pensionable Pay	Contribution rate 2021/22	Pensionable Pay	Contribution Rate 2020/21
On earnings up to an including £22,300	5.50%	On earnings up to an including £22,200	5.50%
On earnings above £22,300 and up to £27,300	7.25%	On earnings above £22,200 and up to £27,100	7.25%
On earnings above £27,300 and up to £37,400	8.50%	On earnings above £27,100 and up to £37,200	8.50%
On earnings above £37,400 and up to £49,900	9.50%	On earnings above £37,200 and up to £49,600	9.50%
On earnings above £49,900	12.0%	On earnings above £49,600	12.0%

From April 2015, if a person works part-time their contribution is based on their part-time pay. Prior to this, if a person worked part-time, their contribution rate was worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

From 1 April 2015, benefits are calculated on the basis of a revalued annual pension built up of 1/49th of pensionable pay each year, plus inflation to keep up with the cost of living. Prior to this date, the accrual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service and prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

The value of the benefits has been calculated without exercising any option to commute pension entitlement into a lump sum and without any adjustment for the effects of future inflation.

In those cases where members have transferred pension entitlements from previous employments, the pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment. It also reflects both employer and employee contributions.

The Pension entitlement of Senior Employees for the year to 31 March 2021 are shown in the Table 5, 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 5 – Pension Benefits: Senior Employees

Name / Post		Accrued Pension Benefits March 2022	Movement in accrued pension benefits since 31 March 2021	Pension Contribution made by Board 2021/22	Pension Contribution made by Board 2020/21
G Bennett Assessor and Electoral Registration Officer	Pension Lump Sum	£65,369 £109,366	£2,828 £717	£23,142	£22,962
J Neason Assistant Assessor and Electoral Registration Officer	Pension Lump Sum	£42,383 £73,544	£2,184 £733	£14,140	£13,983
R Pacitti Assistant Assessor and Electoral Registration Officer	Pension Lump Sum	£37,970 £66,492	£1,821 £663	£14,140	£13,983
Total				£51,422	£50,928

Table 6 – Pension Benefits: Convenors and Depute Convenors

Name / Post	Pension Contribution made by Board 2021/22	Pension Contribution made by Board 2020/21
L Hamilton Depute Convenor	£671	£644

Exit Packages

There were no exit packages agreed or paid for financial years 2021/2022 or 2020/2021.

Gary Bennett
Assessor and ER Officer
5 September 2022

Councillor Walter Brogan
Convenor
5 September 2022

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 2021/2022

	2020/2021				2021/2022	
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
2,711	400	3,111	Employee Costs	2,850	670	3,520
381		381	Property Costs	201		201
122		122	Supplies and Services	147		147
0		0	Transport and Plant	0		0
848	16	864	Administration Costs	773	(27)	746
28		28	Payments to Other Bodies	28		28
202	(175)	27	Financing Charges	35	21	56
4,292	241	4,533	Total Expenditure	4,034	664	4,698
(4,472)	-	(4,472)	Income	(4,386)	-	(4,386)
(180)	241	61	Net Cost of Services	(352)	664	312
0	30	30	Financing and Investment Income and Expenditure	0	51	51
(180)	271	91	(Surplus) or Deficit	(352)	715	363

2020/21		2021/22
General Fund		General Fund
£000		£000
(947)	Opening General Fund Balance	(1,127)
(180)	(Less)/plus (Surplus) or Deficit on General Fund (per column 1 and 5 of EFA)	(352)
-	Transfers To/From Reserves	-
(1,127)	Closing General Fund Balance	(1,479)

Comprehensive Income and Expenditure Statement for the year ended 31 March 2022

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

2020/21		2021/22	Note
Actual		Actual	
£000		£000	
3,111	Employee Costs	3,520	
381	Property Costs	201	
122	Supplies and Services	147	
0	Transport and Plant	0	
864	Administration Costs	746	
28	Payments to Other Bodies	28	
27	Financing Charges	56	
4,533	Total Expenditure	4,698	
(4,472)	Income	(4,386)	
61	Net Cost of Services	312	
30	Financing and Investment Income and Expenditure	51	
91	Deficit on the Provision of Services	363	
721	Re-measurement of the Net Defined Benefit Asset/Liability	(4,198)	16
721	Other Comprehensive Income and Expenditure	(4,198)	
812	Total Comprehensive Income and Expenditure	(3,835)	

Balance Sheet as at 31 March 2022

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 2021		31 March 2022	Note
£000		£000	
	Non-Current Assets:		
177	Property, Plant and Equipment	156	11
0	Intangible Assets	0	12
0	Pension Asset	1,273	16
177	Total Non-Current Assets	1,429	
	Current Assets:		
58	Short Term Debtors	72	13
1,427	Cash and Cash Equivalents	1,542	
1,485		1,614	
	Current Liabilities:		
(479)	Short Term Creditors	(225)	14
(479)	Total Current Liabilities	(225)	
1,183	Total Assets less Current Liabilities	2,818	
	Long Term Liabilities		
(2,200)	Pension Liability	0	16
(1,017)	Total Assets less Liabilities	2,818	
	Financed By:		
	Unusable Reserves		
(2,200)	Pension Reserve	1,273	19
(121)	Accumulating Compensated Absences Reserve	(90)	19
177	Capital Adjustment Account	156	19
	Usable Reserves		
1,127	General Fund Reserve	1,479	19
(1,017)		2,818	

The notes on pages 26 to 41 form part of the financial statements.

The unaudited accounts were approved for issue by the Board on 27 June 2022, and the audited accounts were authorised for issue on 5 September 2022. The audited accounts are signed on behalf of the Board by:

Paul Manning
Treasurer of Lanarkshire Valuation Joint Board
5 September 2022

Movement in Reserves Statement for the year ended 31 March 2022

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 20. 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
Balance at 31 March 2021	1,127	1,127	(2,144)	(1,017)
Movement in Reserves during 2021/2022				
Surplus on the provision of services	(363)	(363)	-	(363)
Other comprehensive income and expenditure	-	-	4,198	4,198
Total comprehensive income and expenditure	(363)	(363)	4,198	3,835
Adjustments between accounting basis and funding basis (note 5)	715	715	(715)	0
Net increase before transfers to / from other statutory reserves	352	352	3,483	3,835
Transfers to / from other statutory reserves	-	-	-	-
Increase / (Decrease) in 2021/2022	352	352	3,483	3,835
Balance as at 31 March 2022	1,479	1,479	1,339	2,818

Movement in Reserves Statement for the year ended 31 March 2021

	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000
Balance at 31 March 2020	947	947	(1,152)	(205)
Movement in Reserves during 201202021				
Surplus on the provision of services	(91)	(91)	-	(91)
Other comprehensive income and expenditure	-	-	(721)	(721)
Total comprehensive income and expenditure	(91)	(91)	(721)	(812)
Adjustments between accounting basis and funding basis (note 5)	271	271	(271)	
Net increase before transfers to / from other statutory reserves	180	180	(992)	(812)
Transfers to / from other statutory reserves	-	-	-	-
Increase / (Decrease) in 201202021	180	180	(992)	(812)
Balance as at 31 March 2021	1,127	1,127	(2,144)	(1,017)

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.

2020/21		2021/22
£000		£000
(91)	Net deficit / (surplus) on the provision of services	(363)
692	Adjust net deficit / (surplus) on the provision of service for non-cash movements	477
2	Adjust for items included in the net deficit / (surplus) on the provision of services that are investing and financing activities	1
603	Net cash flows from operating activities	115
(181)	Investing Activities	0
422	Net increase or decrease in cash and cash equivalents	115
1,005	Cash and cash equivalents at 1 April	1,427
1,427	Cash and cash equivalents at 31 March	1,542

Cash Flow Statement Note – Non Cash Movements

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

2020/21		2021/22
£000		£000
6	Depreciation, impairment and amortisation of assets	21
(21)	Movement in Debtors	(14)
263	Movement in Creditors	(223)
361	Movement in Pension Liability	725
85	Movement in the Employee Statutory Adjustment Account	(31)
(2)	Interest received	(1)
692	Net Cash flows from the provision of services for non-cash movements	477

Cash Flow Statement Note – Operating Activities

The cash flows for operating activities include the following items:

2020/21		2021/22
£000		£000
2	Interest received	1
0	Interest paid	0
2	Net cash flows from operating activities	1

Cash Flow Statement Note – Cash and Cash Equivalents

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

2020/21		2021/22
£000		£000
1,427	Short term deposits	1,542
1,427	Total Cash and Cash Equivalents	1,542

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 2021/2022 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 2022 or goods have been received but not paid for by 31 March 2022 then the Comprehensive Income and Expenditure Statement 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 2022; 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 2022 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 2021/2022 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 2.7% per annum is appropriate (2020/2021 - 2%).

Actuarial Gains and Losses – changes in the net pension asset / 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.

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 1-5 years.

Leases

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

The Board as Lessee – Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense for the use of the leased property, plant or equipment.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of services or administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that merely maintains the condition of an asset e.g. repairs and maintenance is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Assets are then carried in the Balance Sheet using the following measurement bases:

- other land and buildings – fair value, determined by the amount that would be paid for the asset in its existing use (existing use value – EUV)
- vehicles, plant and equipment – where non- property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets and is calculated on the following bases:

- other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (other buildings 10 – 40 years)
- vehicles, plant and equipment – straight line allocation over the useful life of the asset (5 – 20 years)
- over the term of the remaining lease of David Dale House.

Note 2: Prior Period Adjustments

There are no prior period adjustments included within the 2021/2022 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 2022/23 Code, which are required to be applied by 1 April 2022, and will be adopted by the Board on 1 April 2022:

- **Annual Improvements to IFRS Standards 2018-2020**
IFRS 1(First Time Adoption) – the amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.
IAS37 (Onerous Contracts) – the amendment clarifies the intention of the standard.
IFRS16 (Leases) – the amendment removes a misleading example that is not referenced in the Code material.
IAS41 (Agriculture) – one of a small number of IFRSs that are expected only to apply to a small number of local authorities.

- **Property, Plant and Equipment: Proceeds Before Intended Use**
This amendment introduces changes to IAS16

Adoption of the standards by the Board on 1 April 2022 is not expected to have any 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:

- In assessing any the potential for significant costs arising from Valuation Appeal Panels, the Board has considered its level of exposure as low and therefore no provision for an outflow of money has been made.
- The Accounts have been prepared on a going concern basis as it is expected that despite the uncertainty around future local government funding, a medium-term Financial Strategy has been developed in conjunction with the Boards constituent authorities. This gives certainty regarding the medium-term financial outlook and the level of service provision.

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

	2021/22	2021/22	2021/22	2021/22
	Adjustments for Capital Purposes (note a) £000	Net Change for the Pensions Adjustments (note b) £000	Other Differences (note c) £000	Total Adjustments between Funding and Accounting Basis £000
Employee Costs	-	701	(31)	670
Property Costs	-	-	-	-
Supplies and Services	-	-	-	-
Transport and Plant	-	-	-	-
Administration Costs	-	(27)	-	(27)
Payments to Other Bodies	-	-	-	-
Financing Charges	21	-	-	21
Total Expenditure	21	674	(31)	664
Income	-	-	-	-
Net Cost of Services	21	674	(31)	664
Financing and Investment Income and Expenditure	-	51	-	51
Surplus or Deficit	21	725	(31)	715

	2020/21	2020/21	2020/21	2020/21
	Adjustments for Capital Purposes (note a) £000	Net Change for the Pensions Adjustments (note b) £000	Other Differences (note c) £000	Total Adjustments between Funding and Accounting Basis £000
Employee Costs	-	315	85	400
Property Costs	-	-	-	-
Supplies and Services	-	-	-	-
Transport and Plant	-	-	-	-
Administration Costs	-	16	-	16
Payments to Other Bodies	-	-	-	-
Financing Charges	(175)	-	-	(175)
Total Expenditure	(175)	331	85	241
Income	-	-	-	-
Net Cost of Services	(175)	331	85	241
Financing and Investment Income and Expenditure	-	30	-	30
Surplus or Deficit	(175)	361	85	271

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 Statement 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.

Useable Reserves		
	£000	£000
	2021/22	2020/21
Adjustments to Revenue Resources		
Pension Costs (transferred to (or from) the Pensions Reserve	(3,473)	1,082
Holiday Pay (transferred to the Employee Statutory Adjustment Account)	(31)	85
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)	21	6
Total Adjustments to Revenue Resources	(3,483)	1,173
Adjustments between Revenue and Capital Resources		
Capital expenditure finance from revenue balances (transfer to Capital Adjustment Account)	0	(181)
Total Adjustments between Revenue and Capital Resources	0	(181)
Total Adjustments	(3,483)	992
Total Comprehensive Income and Expenditure	3,835	(812)
Net Increase / (Decrease) before transfers to / from Reserves	352	180
Increase / (Decrease) in year	352	180

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 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Items	Uncertainties	Effect if Actual Results Differ from Assumptions
Pension Asset	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 asset of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in a decrease in the pension asset of £0.631m.</p> <p>However, the assumptions interact in complex ways. During 2021/2022, the actuaries advised that the net pension liability had increased by: £2.311m attributable to the updating of financial assumptions; increased by £0.197m attributable to changes in demographic assumptions; and decreased by £0.042m due to other experience. The net liability had increased by £1.732m 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 27 June 2022. There were no events that occurred between 1 April 2022 and the date that the Annual Accounts were authorised for issue that would have an impact on the financial statements.

Note 9: Contingent Liabilities

Pensions

A 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, and the impact cannot yet be quantified, current information from the Board's actuaries suggests that any impact is likely to be minimal. Given the uncertainty, and the expected immaterial nature of any potential impact, no provision has been made in the Accounts.

The Board's actuaries also highlighted an awareness of 2 other court cases which may impact on pension benefits in the future. The first was the Walker case where it was ruled that surviving spouses in same sex marriages should be entitled to the same benefits as those in different sex marriages and also the O'Brien case where it was ruled that recognition of part time benefits should apply to service for the period prior to 7 April 2000. The actuaries understanding is that these are unlikely to be significant judgements in terms of impact on future pension obligations of Employers. Again, given the uncertainty, and the immaterial nature of any potential impact, no provision has been made in the Accounts.

Valuation Appeals

Number of Appeals: Voluminous numbers of appeals have been received in connection with the pandemic with the possibility of additional expenditure in legal costs as a consequence of these appeals. However, neither the value nor the timing of these costs can be reliably estimated at this time as legislation drafted by the Scottish Government to assist in dealing with such appeals has yet to be implemented. Accordingly, the Board recognises that a contingent liability may exist in respect of potential costs arising from these appeals.

Transfer of the Valuation Appeals Process: The transfer of Valuation Appeal Panel (VAP) activities to the Scottish Courts and Tribunal Service is due to take place on 1 January 2023. This will have no financial impact on the Board as it is expected that VAP costs will be removed from the councils' settlements and therefore from the income that the Board receives from the councils.

Note 10: Leases

Operating Leases – LVJB as Lessee: The Board has entered into an operating lease and details are provided across the asset category of Property, Plant and Equipment, and Land and Buildings.

Land and Buildings – the Board leases their offices which have been accounted for as an operating lease. The rental payable in 2021/2022 was £0.093m (2020/2021 £0 due to the lease commencing on 1 April 2021). The rent payable will increase in August 2025.

The future minimum lease payments due under non-cancellable leases in future years are:

	2021/22	2020/21
	£000	£000
Not later than one year	93	93
Later than one year and not later than five years	387	377
Later than five years	343	444
Total	823	914

Note 11: Property, Plant and Equipment

	2021/22	2020/21
	£000	£000
Cost or Valuation		
At 1 April	181	0
Additions	0	181
At 31 March	181	181
Accumulated Depreciation		
At 1 April	4	0
Depreciation	21	4
At 31 March	25	4
Net Book Value at 31 March	156	177

Note 12: Intangible Assets

	2021/22	2020/21
	£000	£000
Cost or Valuation		
At 1 April	2	8
Additions	0	0
Derecognition - Disposals	(2)	(6)
At 31 March	0	2
Accumulated Amortisation		
At 1 April	2	6
Amortisation of Intangible Assets	0	2
Derecognition - Disposals	(2)	(6)
At 31 March	0	2
Net Book Value at 31 March	0	0

Note 13: Short Term Debtors

The debtors figure comprises prepayments and is analysed as follows:

	2021/22	2020/21
	£000	£000
Information Technology Annual Support and Maintenance	71	51
Membership Fees	1	0
Insurance Services	0	7
Total	72	58

Note 14: Short Term Creditors

The creditors figure is analysed as follows:

	2021/22	2020/21
	£000	£000
Valuation Appeal Panel – Fees	21	25
Royal Mail – Postal Charges	0	8
North Lanarkshire Council – Convenor Salary	6	0
Accumulated Compensated Absences – Annual Leave	95	126
Other – Employee Cost Accrual	102	111
Registers of Scotland	1	0
Scottish Government – Barclay Underspend	0	209
Total	225	479

Note 15: Related Party Transactions

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

	2021/22	2021/22	2020/21	2020/21
	Receipts	Payments	Receipts	Payments
	£000	£000	£000	£000
South Lanarkshire Council	2,265	371	2,208	684
North Lanarkshire Council	2,106	6	2,195	5
Fife Council	-	1	0	0
Total	4,371	378	4,403	689

The Board occupied the premises at David Dale House, 45 John Street, Blantyre, G72 0JG during 2021/22, and are recharged for the cost of accommodation by South Lanarkshire Council. Included within payments to South Lanarkshire Council is a charge of £0.201m for the lease of office accommodation at David Dale House (2020/21: £0.318m for the annual rental of office accommodation at Hamilton Academical's Football Stadium).

Note 16: 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 Board's funding from councils 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.

Comprehensive Income and Expenditure Statement	2021/22	2020/21
	£000	£000
Cost of Services:		
Service cost comprising:		
Current service cost	1,109	749
Past Service Cost (including curtailments)	0	0
Financing and Investment Income and Expenditure		
Net interest expense	51	30
Total post-employment benefit charged to the Deficit on the Provision of Services	1,160	779
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	1,732	5,759
• actuarial gains or losses arising on changes in demographic assumptions	197	743
• actuarial gains or losses arising on changes in financial assumptions	2,311	(6,634)
• actuarial gains or losses arising on changes in other experience	(42)	(589)
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	4,198	(721)
Net Charge to the Surplus/Deficit on the Provision of Services brought forward	1,160	779
Movement In Reserves Statement		
• reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the Code	(725)	(361)
Actual amount charged against the General Fund balance for pensions in the year:		
• employers' contributions payable to the scheme	435	418

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:

	2021/22	2020/21
	£000	£000
Present value of the defined obligation	(31,554)	(32,593)
Fair value of pension fund assets	32,827	30,393
Net liability arising from defined benefit obligations	1,273	(2,200)

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

	2021/22	2020/21
	£000	£000
Opening Balance at 1 April	(32,593)	(26,356)
Current Service Cost	(1,109)	(749)
Interest Cost	(659)	(611)
Contributions by scheme participants	(142)	(135)
Re-measurement gains / (losses)		
actuarial gains / (losses) arising on changes in demographic assumptions	197	743
actuarial gains / (losses) arising from changes in financial assumptions	2,311	(6,634)
actuarial gains / (losses) arising from changes in other experience	(42)	700
Past service gains / (losses)	-	-
Settlements and curtailments	-	-
Estimated Unfunded benefits paid	25	25
Estimated Benefits paid	458	424
Closing Balance at 31 March	(31,554)	(32,593)

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

	2021/22	2020/21
	£000	£000
Opening Fair Value of Pension Fund Assets	30,393	25,238
Interest Income	608	581
Re-measurement gains and (losses)		
expected return on pension fund assets	1,732	5,759
actuarial gains and losses	-	-
other experiences	-	(1,289)
The effect of changes in foreign exchange rates	-	-
Contributions by members	142	135
Contributions by the employer	410	393
Contributions in respect of Unfunded Benefits	25	25
Benefits Paid	(483)	(449)
Closing Fair Value of the Scheme Assets	32,827	30,393

Analysis of Pension Fund Assets

			31/03/22			31/03/21
	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	824	11	835	490	21	511
Equity Instruments	7,218	16	7,234	7,099	33	7,132
Debt Instruments	0	0	0	0	0	0
Real Estate	0	2,768	2,768	0	2,462	2,462
Derivatives	0	0	0	5	0	5
Private Equity	0	6,426	6,426	0	5,436	5,436
Investment Funds	182	15,382	15,564	286	14,561	14,847
Asset Backed Securities	0	0	0	0	0	0
Structured Debt	0	0	0	0	0	0
Total	8,224	24,603	32,827	7,880	22,513	30,393

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 2020.

The principal assumptions used by the actuary were:

	2021/22	2020/21
	Years	Years
Mortality Assumptions:		
Longevity at 65 for current pensioners		
Male	19.6	19.8
Female	22.4	22.6
Longevity at 65 for future pensioners		
Male	21.0	21.2
Female	24.5	24.7
Financial Assumptions:	%	%
Rate of inflation / pension increase rate	3.2	2.85
Rate of increase in salaries	3.9	3.55
Expected return on assets	7.7	2.0
Rate for discounting scheme liabilities	2.7	2.0
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:

	Approximate % increase in employer's liability	Approximate monetary amount
Change in assumption at 31 March 2020		£000
0.1% decrease in real discount rate	2%	631
1 year increase in member life expectancy	4%	1,262
0.1% increase in the salary increase rate	0%	94
0.1% increase in the pension increase rate	2%	531

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 (79%) and bonds (10%). The scheme also invests in properties (8%) and cash (3%). The comparative year's figures for equities and bonds are 76% and 14% respectively. The ALM strategy is monitored annually or more frequently if necessary.

Impact of Covid-19

The Fund's actuary confirmed that the IAS19 Balance Sheet is based on financial market values and future market expectation indicators as at 31 March to comply with the standard. The financial markets at the accounting date will have taken into account COVID-19 risks as one of the many national and worldwide economic considerations. There has been no explicit additional allowance or adjustment made for COVID-19 by the actuary.

Impact of Ukraine War

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

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 were set at 19.3% for 2021/2022 based on the last triennial valuation completed on 31 March 2020. This same employers' contribution rate (19.3%) has been set for the next year (2022/2023).

The total contributions expected to be made by the Board to the Fund for the year ending 31 March 2023 is approximately £0.410m.

The weighted average duration of the defined benefit obligation for Fund members is 20 years.

Note 17: External Audit Costs

The Board has incurred the following external audit costs:

	2021/22	2020/21
	£000	£000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	8	8
Total	8	8

Note 18: Grant Income

The following Government Grants were received during the year:

	2021/22	2020/21
	£000	£000
Cabinet Office Funding	0	20
Scottish Government Grant	0	31
Scottish Government Grant – Barclay Funding (2020/21 allocation of £0.594m less £0.209m underspend returned)	704	385
Total	704	436

Note 19: Balance Sheet – Reserves

Unusable Reserves				2021/22				2020/21
	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	177	(2,200)	(121)	(2,144)	2	(1,118)	(36)	(1,152)
Movement in Pension Reserve	-	3,473	-	3,473	-	(1,082)	-	(1,082)
Movement in Annual Leave Accrual	-	-	31	31	-	-	(85)	(85)
Capital Expenditure charged against the General Fund	-	-	-	-	181	-	-	181
Charges for Depreciation of Non Current Assets	(21)	-	-	(21)	(4)	-	-	(4)
Amortisation of Intangible Assets	-	-	-	-	(2)	-	-	(2)
Closing Balance as at 31 March	156	1,273	(90)	1,339	177	(2,200)	(121)	(2,144)

Usable Reserves		2021/22		2020/21
	General Fund Reserve	Total	General Fund Reserve	Total
	£000	£000	£000	£000
Opening Balance 1 April	1,127	1,127	947	947
Increase / (Decrease) in Reserve	352	352	180	180
Closing Balance as at 31 March	1,479	1,479	1,127	1,127

Note 20: 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 21: Comprehensive Income and Expenditure Statement – financing and investment income and expenditure

	2021/22	2020/21
	£000	£000
Pension Interest Cost and Expected Return on Pensions Assets	51	30
Total	51	30

Note 22: Going Concern

As at 31 March 2022, the Balance Sheet of the Board shows a Net Asset position of £2.818m. This is made up of a net Long Term Pension Reserve of £1.273m and net assets of £1.545m.

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 22, leaving a General Fund Reserve of £1.479m 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

Reporting 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 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement, Cash Flow Statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of Lanarkshire Valuation Joint Board as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 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 June 2021. The period of total uninterrupted appointment is 2 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 when the financial statements are authorised for issue.

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

Risks of material misstatement

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

Responsibilities of the Treasurer and 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 Valuations Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the Lanarkshire Valuations Joint Board's operations.

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 obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- obtaining an understanding of the applicable legal and regulatory framework and how the Lanarkshire Valuation Joint Board is complying with that framework;
- identifying which laws and regulations are significant in the context of the Lanarkshire Valuation Joint Board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the

Lanarkshire Valuation Joint Board's controls, and the nature, timing and extent of the audit procedures performed.

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

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

Reporting on other requirements

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

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

Other information

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

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

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

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

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

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 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.

Andrew Kerr CA
Senior Audit Manager
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow, G2 1BT

5 September 2022

Report

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Report to:	Lanarkshire Valuation Joint Board
Date of Meeting:	5 September 2022
Report by:	Assessor and Electoral Registration Officer

Subject:	Progress Update
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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

The 2022 annual canvass of electors is underway. The tasks associated with file production including the new data matching element of canvass reform, using both national data and local data, has been carried out successfully. Some 254,000 "Communication A" forms were issued commencing on 1 August to properties where data has been fully matched and electors do not require a response unless there are changes.

Additionally, the first issue of canvass forms commenced 1 August to some 62,000 properties where a full data match was unable to be undertaken. Reminder communications are scheduled to be issued to non-responding properties during September.

The requirement to undertake household visits as part of the annual canvass process continues and is scheduled to commence late September/early October. As per previous canvasses, the use of telephone and email contact will be undertaken.

Potential electors continue to be encouraged to use the online registration service at www.gov.uk/register-to-vote.

3.1.2. Elections Held Since Last Board Meeting

No elections have been held since the last meeting of the Board.

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 2022 to 1 August 2022.

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 the voluminous numbers of appeals received in connection with the coronavirus pandemic. The Non-Domestic Rates (Coronavirus) (Scotland) Act 2022 received Royal Assent on 28 July 2022 and came into force on 29 July 2022. Discussions between the Scottish Assessors Association and ratepayers' agents will resume in light of the legislation now being in force.

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 2022 to 1 August 2022 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. Significant progress has been made in reducing the outstanding number of proposals and appeals following the increase in the number outstanding in both as a result of the pandemic. Efforts will continue to reduce numbers further prior to the transfer of the current appeals system to the Scottish Courts and Tribunals Service with effect from 1 January 2023.

4. Staffing

- 4.1. Since the last Board meeting and following a recruitment and selection process seeking four Principal Valuers, two external candidates have been offered positions within the organisation which have been verbally accepted. A further recruitment and selection process for Trainee Technicians has resulted in three candidates being offered those positions, which have also been verbally accepted.

In the same period, a part-time Divisional Valuer has tendered their resignation to take up a position within another local government organisation. At present there is a recruitment and selection process for four Divisional Valuer vacancies.

LVJB's management team continue to attempt to actively recruit and retain staff within our valuation service delivery area, and discussions continue with South Lanarkshire Council's Personnel Services in respect of possible solutions to the staffing challenges faced by LVJB.

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

Since the last update provided to the Board, two complaints have been received, a summary of which is as follows:-

Service Area	Nature of Complaint	Outcome
Council Tax (ref: 2022/23 – 1)	Complaint received with regards to the handling of a Council Tax appeal.	Full investigation undertaken and letter issued answering all points raised with apology.
Electoral Registration (ref:2022/23 – 2)	Complaint received from elector with regards to the nationality recorded on form issued as part of the annual canvass of electors.	Letter of explanation issued advising of legislation in respect of nationality of citizens for electoral registration purposes.

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

With the Non-Domestic Rates (Scotland) Act receiving Royal Assent in March 2020, progress continues with regards to the new statutory undertakings as 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: The Scottish Government took the decision, due to the pandemic, to postpone the next revaluation to 1 April 2023, with the tone date moving to 1 April 2022. Throughout the period 2021/22, the Scottish Assessors Association continued to prepare for the forthcoming non-domestic Revaluation, with the comprehensive review of non-domestic forms, referred to as Assessor Information Notices (AINs), being undertaken across the various Scottish Assessors Association (SAA) standing committees. The issuing and ingathering of the AINs provides the basis of data analysis associated with a non-domestic revaluation. SAA Practice Notes are being reviewed following the outcomes of the information gathering and analysis process. The SAA have developed a project plan for the 2023 non-domestic revaluation. LVJB’s Revaluation Strategy Group, which meets regularly, continue to monitor progress of the revaluation of all subjects within Lanarkshire as part of the comprehensive Scotland wide general non-domestic revaluation and, in particular, monitor the challenges faced as a result of retention and recruitment of staff issues faced within our valuation service delivery area, implementing mitigation measures to reduce the risk of not undertaking statutory duties where deemed appropriate.

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, which the local authority will be able to use to identify properties which may be eligible for business growth accelerator relief).

Progress update: The Non-Domestic Rates (Relief for New and Improved Properties) (Scotland) Regulations 2022 and the Non-Domestic Rates (Valuation Roll) (Modification) (Scotland) Regulations 2022, and procedures have been developed in order that a marker can be placed in the Valuation Roll where deemed appropriate.

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: A staff guidance note has been developed by the SAA to ensure consistent practice throughout Scotland, with information still being ingathered in order that entries may be made in the Valuation Roll.

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 continue within the SAA with regards to how best to facilitate the provision of information at the SAA Portal in respect of the 2023 Revaluation in connection with requirements to publish certain information when draft valuations are finalised. Such work also requires changes to LVJB's core valuation software application, which continue to be scoped in order that the required information is available when draft valuation notices are issued on 30 November 2022.

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.)

Progress update: Final legislation by the Scottish Government on the revised non-domestic appeal system is still awaited, as is the outcome of the proposals on the transfer of the work of Valuation Appeal Panels (VAPs) to a new Tribunal set up within the Scottish Courts and Tribunals Service, which is scheduled to take effect from 1 January 2023. A Stakeholder Reference Group to help facilitate the transfer of the duties currently undertaken by VAPs continues to meet and has SAA representatives participating in the group meetings. The proposed changes to the non-domestic appeal system in Scotland will present major challenges to all Assessors, and indeed other stakeholders, and again will require changes to LVJB's core valuation software application.

Section 26 – (Gives powers for Assessors to issue Assessor 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: Appropriate procedures are being implemented in connection with AINs and, in particular, the new civil penalties regime. The SAA has also developed staff guidance in respect of the new civil penalty powers to ensure consistency of approach across Scotland.

Section 30 – (Provides for civil penalties to be issued for failure to return requested information within certain time periods.)

Progress update: As update above regarding Section 26.

The SAA has continued to work positively with the Scottish Government and stakeholders to consider the detailed application of the reforms and will continue to do so via the various forums set up for stakeholder engagement purposes.

5.4. Coronavirus Pandemic

LVJB's management team continue to monitor issues around the pandemic, including the consideration of relevant guidance from appropriate authorities.

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

18 August 2022

Previous References

- ◆ Progress Update Report for Board meeting of 27 June 2022

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 01/04/2022 and 01/08/2022

Area	AS AT 01/04/2022		ADDED		DELETED		ALTERED		AS AT 01/08/2022	
	SUBJECTS	RV	SUBJECTS	RV	SUBJECTS	RV	SUBJECTS	RV	SUBJECTS	RV
North Lanarkshire	10,358	288,082,270	219	474,470	40	153,385	55	-386,740	10,537	288,016,615
South Lanarkshire	10,952	693,403,145	150	588,535	43	236,230	67	428,380	11,059	694,183,830
LVJB total	21,310	£981,485,415	369	£1,063,005	83	£389,615	122	£41,640	21,596	£982,200,445

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

Period: 1 April 2022 to 1 August 2022

Area	Total altered	altered < 3 months		altered 3 to 6 months		altered > 6 months	
	No.	No.	%age	No.	%age	No.	%age
North Lanarkshire	229	216	94.32%	4	1.75%	9	3.93%
South Lanarkshire	209	195	93.30%	8	3.83%	6	2.87%
LVJB totals	438	411	93.84%	12	2.74%	15	3.42%

Valuation Roll Appeals: Revaluation and Running Roll 2005

1. Revaluation Appeals

Area	Appeals received since 2005 Valuation Roll	Appeals resolved as at 1 August 2022	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 2022
North Lanarkshire	3,921	3,918	0	£0	3	£76,150	3
South Lanarkshire	3,148	3,147	0	£0	1	£50,800	1
LVJB total	7,069	7,065	0	£0	4	£126,950	4

2. Running Roll Appeals

Area	Appeals received since 2005 Valuation Roll	Appeals resolved as at 1 August 2022	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 2022
North Lanarkshire	2,023	2,022	0	£0	1	£36,500	1
South Lanarkshire	1,695	1,693	0	£0	2	£90,050	2
LVJB total	3,718	3,715	0	£0	3	£126,550	3

Valuation Roll Appeals: Revaluation and Running Roll 2010

1. Revaluation Appeals

Area	Appeals received since 2010 Valuation Roll	Appeals resolved as at 1 August 2022	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 2022
North Lanarkshire	4,460	4,460	0	£0	0	£0	0
South Lanarkshire	3,103	3,102	0	£0	1	£46,500	1
LVJB total	7,563	7,562	0	£0	1	£46,500	1

2. Running Roll Appeals

Area	Appeals received since 2010 Valuation Roll	Appeals resolved as at 1 August 2022	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 2022
North Lanarkshire	5,480	5,480	0	£0	0	£0	0
South Lanarkshire	6,727	6,727	0	£0	0	£0	0
LVJB total	12,207	12,207	0	£0	0	£0	0

Valuation Roll Appeals: Revaluation and Running Roll 2017

1. Revaluation Appeals

Area	Appeals received since 2017 Valuation Roll	Appeals resolved as at 1 August 2022	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 2022
North Lanarkshire	4,728	4,623	0	£0	105	£3,517,125	105
South Lanarkshire	4,553	4,452	0	£0	101	£89,302,250	101
LVJB total	9,281	9,075	0	£0	206	£92,819,375	206

2. Running Roll Appeals

Area	Appeals received since 2017 Valuation Roll	Appeals resolved as at 1 August 2022	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 2022
North Lanarkshire	4,610	794	0	£0	15	£121,875	3,816
South Lanarkshire	4,989	830	0	£0	45	£724,443,375	4,159
LVJB total	9,599	1,624	0	£0	60	£724,565,250	7,975

Council Tax Subjects as at 01/08/2022

	ENTRIES AS AT 01/04/2022			ADDITIONS			DELETIONS			CURRENT ENTRIES			BAND 'D' EQUIVALENT		
BAND	NORTH	SOUTH	TOTAL	NORTH	SOUTH	TOTAL	NORTH	SOUTH	TOTAL	NORTH	SOUTH	TOTAL	NORTH	SOUTH	TOTAL
A	53037	36190	89227	5	11	16	1	9	10	53041	36192	89233	35362	24129	59491
B	37845	30751	68596	52	15	67	1	0	1	37896	30766	68662	29476	23930	53406
C	19903	26768	46671	121	73	194	5	6	11	20019	26835	46854	17795	23854	41649
D	17722	21724	39446	113	172	285	0	0	0	17835	21896	39731	17835	21896	39731
E	17158	20390	37548	74	158	232	2	3	5	17230	20545	37775	22638	26994	49632
F	10085	13307	23392	42	129	171	4	3	7	10123	13433	23556	16450	21829	38279
G	3090	6819	9909	0	73	73	0	0	0	3090	6892	9982	6051	13497	19548
H	162	579	741	0	0	0	1	1	2	161	578	739	394	1416	1810
TOTAL	159002	156528	315530	407	631	1038	14	22	36	159395	157137	316532	146001	157545	303546
'D' EQUIV.	145589	156751	302340	430	816	1246	17	23	40	146001	157545	303546			

JOINT BOARD TOTALS

		01/04/2022	01/08/2022	Increase
TOTAL CHARGEABLE ENTRIES	North	159002	159395	393
	South	156528	157137	609
	Total	315530	316532	1002
BAND 'D' EQUIVALENT	North	145589	146001	412
	South	156751	157545	794
	Total	302340	303546	1206

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

Period: 1 April 2022 to 1 August 2022

Area	Total added	added < 3 months		added 3 to 6 months		added > 6 months	
North Lanarkshire	407	340	83.54%	61	14.99%	6	1.47%
South Lanarkshire	631	584	92.55%	33	5.23%	14	2.22%
LVJB totals	1038	924	89.02%	94	9.06%	20	1.92%

Summary of Council Tax Proposals/Appeals received and dealt with as at 1 August 2022

Valid	Proposals/Appeals outstanding @ 1 April 2022	Proposals/Appeals received since 1 April 2022	Proposals/Appeals completely resolved 01/04/2022 to 01/08/2022	Outstanding balance
North Lanarkshire	38	15	38	15
South Lanarkshire	103	27	75	55
LVJB total	141	42	113	70

Invalid	Proposals/Appeals outstanding @ 1 April 2022	Proposals/Appeals received since 1 April 2022	Proposals/Appeals completely resolved 01/04/2022 to 01/08/2022	Outstanding balance
North Lanarkshire	46	33	47	32
South Lanarkshire	87	56	108	35
LVJB total	133	89	155	67

Combined	Proposals/Appeals outstanding @ 1 April 2022	Proposals/Appeals received since 1 April 2022	Proposals/Appeals completely resolved 01/04/2022 to 01/08/2022	Outstanding balance
North Lanarkshire	84	48	85	47
South Lanarkshire	190	83	183	90
LVJB total	274	131	268	137

Summary of resolution of Council Tax Proposals/Appeals Between 1 April 2022 and 1 August 2022

Valid	Proposals/Appeals completely resolved 01/04/2022 to 01/08/2022	Number withdrawn	Number abandoned	Number adjusted	Number dismissed by VAC	Number adjusted by VAC
North Lanarkshire	38	15	0	12	11	0
South Lanarkshire	75	41	0	16	17	1
LVJB total	113	56	0	28	28	1

Invalid	Proposals/Appeals completely resolved 01/04/2022 to 01/08/2022	Number withdrawn	Number abandoned	Number adjusted	Number dismissed by VAC	Number adjusted by VAC
North Lanarkshire	47	1	38	0	8	0
South Lanarkshire	108	4	89	0	15	0
LVJB total	155	5	127	0	23	0

Combined	Proposals/Appeals completely resolved 01/04/2022 to 01/08/2022	Number withdrawn	Number abandoned	Number adjusted	Number dismissed by VAC	Number adjusted by VAC
North Lanarkshire	85	16	38	12	19	0
South Lanarkshire	183	45	89	16	32	1
LVJB total	268	61	127	28	51	1

ABSENCE MANAGEMENT STATISTICS

Month	Self Certified		Medically Certified		Unauthorised Absence		Total			Total			
										Month	No of Days	Work days available	%
	No of Days	%	No of Days	%	No of Days	%	No of Days	Work Days Avail	%				
August 2021	14	1.0%	60	4.4%	Nil	0.0%	74	1356	5.5%	August 2020	48	1317	3.6%
September 2021	6	0.4%	49	3.5%	Nil	0.0%	55	1383	4.0%	September 2020	27	1378	2.0%
October 2021	17	1.2%	48	3.5%	Nil	0.0%	65	1367	4.8%	October 2020	47	1374	3.4%
November 2021	29	2.1%	66	4.7%	Nil	0.0%	95	1404	6.8%	November 2020	87	1316	6.6%
December 2021	13	0.9%	83	5.7%	Nil	0.0%	96	1459	6.6%	December 2020	85	1442	5.9%
January 2022	0	0.0%	52	3.9%	Nil	0.0%	52	1344	3.9%	January 2021	28	1315	2.1%
February 2022	22	1.7%	44	3.5%	Nil	0.0%	66	1262	5.2%	February 2021	36	1252	2.9%
March 2022	18	1.3%	84	6.0%	Nil	0.0%	102	1402	7.3%	March 2021	50	1504	3.3%
April 2022	1	0.1%	48	3.8%	Nil	0.0%	49	1262	3.9%	April 2021	54	1441	3.7%
May 2022	17	1.3%	7	0.5%	Nil	0.0%	24	1345	1.8%	May 2021	89	1317	6.8%
June 2022	39	2.9%	60	4.5%	Nil	0.0%	99	1347	7.3%	June 2021	88	1368	6.4%
July 2022	24	1.9%	66	5.2%	Nil	0.0%	90	1277	7.0%	July 2021	72	1358	5.3%
Averages for 12 months	17	1.2%	56	4.1%	Nil	0.0%	72	1351	5.3%		51	1349	3.8%