GRAMPIAN VALUATION JOINT BOARD

FRIDAY 31 OCTOBER AT 10.30AM

NOTICE IS HEREBY GIVEN that a Meeting of the GRAMPIAN VALUATION JOINT BOARD is to be held in the COUNCIL CHAMBERS, MORAY COUNCIL HEADQUARTERS, HIGH STREET, ELGIN on FRIDAY 31 OCTOBER 2014 at 10.30am.

R D Burns
Clerk to the Board

24 October 2014

BUSINESS

1. Sederunt

2. Declaration of Financial and Other Interests*

3. Resolution

   Consider, and if so decide, adopt the following resolution:-

   "That under Section 50A(4) and (5) of the Local Government (Scotland) Act 1973, as amended, the public and media representatives be excluded from the meeting for Item 13 of business on the grounds that it involves the likely disclosure of exempt information of the class described in Paragraph 3 of Part 1 of Schedule 7A of the Act"

4. Written Questions**

5. Minute of Meeting of the Board dated 27 June 2014

6. Audited Statement of Accounts for Year Ended 31 March 2014 and the Auditor's Report to Officers and the Controller of Audit - Report by the Treasurer to the Board

7. Revenue Budget Monitoring Statement for the Period 1 April to 30 September 2014 – Report by Treasurer to the Board

8. Register of Electors - Report by The Assessor & ERO

9. Valuation Roll & Council Tax Valuation List – Report by The Assessor & ERO

10. Public Performance Report - Report by The Assessor & ERO

11. IRRV Scottish Conference - Report by The Assessor & ERO

12. Question Time***

Item which the Board may wish to consider with the Press and Public excluded

13. Formal Complaint 008 - Report by the Assessor & ERO [Para 3]

NB	Para 3	Information relating to any particular applicant for, or recipient or former recipient of, any service provided by the Authority.

Any person attending the meeting who requires access assistance should contact customer services on 01343 563217 in advance of the meeting.

GUIDANCE NOTES

* At the beginning of the meeting, immediately following the Sederunt, the Convener will, in terms of Standing Order 25, seek declarations from individuals on any financial or other interests.

****** Any member can put one question to the Convener about relevant and competent business not already on the Agenda for a meeting of the Board. No member can put more than one question at any meeting. The member must give notice in writing of their question to the Clerk 4 working days prior to the meeting. A copy of any written answer provided by the Convener will be tabled at the start of the relevant meeting. The member who has put the question may, after the answer has been given, ask one supplementary question directly related to the subject matter but no discussion will be allowed.

*** At each ordinary meeting of the Board, 10 minutes will be allowed for question time when any member can put one question to the Convener regarding any matter within the remit of the Board. The Member who has put the question may, after the answer has been given, ask one supplementary question directly related to the subject matter, but no discussion will be allowed. In the event of further information/investigation being required in order to answer the question, the Clerk who will arrange for a written answer to be provided within 7 working days.

SEDERUNT

COUNCILLOR R SHEPHERD (Convener)
COUNCILLOR G OWEN (Depute Convener)
COUNCILLOR C BUCHAN
COUNCILLOR R CHRISTIE
COUNCILLOR B CORMIE
COUNCILLOR G COULL
COUNCILLOR A DONNELLY
COUNCILLOR A FINLAYSON
COUNCILLOR R GRANT
COUNCILLOR I GRAY
COUNCILLOR S LONCHAY
COUNCILLOR J MORRISON
COUNCILLOR L PIRIE
COUNCILLOR S STUART
COUNCILLOR C TUKE

Contact Person:	Mr D Westmacott
Telephone:	01343 563014
Email	darren.westmacott@moray.gov.uk

ITEM: 4

WRITTEN QUESTIONS

GRAMPIAN VALUATION JOINT BOARD
ABERDEEN • ABERDEENSHIRE • MORAY

MINUTE OF MEETING OF THE GRAMPIAN VALUATION JOINT BOARD

FRIDAY 27 JUNE 2014 AT 10.30AM

COUNCIL CHAMBERS, MORAY COUNCIL HEADQUARTERS, ELGIN

PRESENT

Councillors R. Shepherd (Convener), G. Owen (Depute Convener), R. Christie, G. Clark (substituting for C. Buchan), B. Cormie, G. Coull, A. Donnelly, A. Finlayson, I. Gray, S. Lonchay, J. Morrison, L. Pirie, S. Stuart and C. Tuke.

APOLOGIES

Apologies for absence were intimated on behalf of Councillors C. Buchan and R. Grant.

IN ATTENDANCE

Mr I. Milton, Assessor & Electoral Registration Officer (ERO), Mrs D. Brands, Principal Accountant (The Moray Council), Mr A. Scott, Internal Audit Manager (The Moray Council) and Mr D. Westmacott, Committee Services Officer (The Moray Council) as Clerk to the Board.

1. DECLARATION OF FINANCIAL AND OTHER INTERESTS

In terms of Standing Order 25 and the Councillors' Code of Conduct, there were no declarations of member interest in respect of any item on the agenda.

2. WRITTEN QUESTIONS

The Board noted that no written questions had been submitted.

3. MINUTE OF MEETING OF 24 JANUARY 2014

The minute of the meeting of the Board dated 24 January 2014 was submitted and approved as an accurate record.

3. UNAUDITED ACCOUNTS FOR 2013/14

There was submitted a report by the Treasurer to the Board presenting the unaudited Accounts for Grampian Valuation Joint Board for the year ended 31 March 2014, a copy of which was distributed with the report.

The Board joined the Convener in commending the Assessor & Electoral Registration Officer (ERO) and The Moray Council's Accountancy team for their continued good work in respect of the Board's accounts.

Following consideration, the Board agreed to approve the Unaudited Accounts of the Grampian Valuation Joint Board for the year to 31 March 2014.

4. REVENUE BUDGET MONITORING STATEMENT FOR THE PERIOD 1 APRIL to 31 MAY 2014

Under reference to paragraph 6 of the Minute of this Board dated 24 January 2014, there was submitted a report by the Treasurer to the Board presenting the Revenue Budget Monitoring Statement for the period 1 April to 31 May 2014, attached as Appendix to the report.

Following consideration, the Board agreed to:-

(i) note the Revenue Monitoring Statement to 31 May 2014, as detailed in Appendix of the report; and

(ii) note the work pressures experienced by the Assessor and his Senior Management Team, as detailed in Section 3 of the report; and

(iii) delegate authority to the Assessor & Electoral Registration Officer (ERO) to set the budget for Individual Electoral Registration (IER) 2014/15, within the additional funding being made available by the Cabinet office for that purpose, and report back to the October meeting of the Board.

5. INTERNAL AUDIT ANNUAL REPORT – 2013/14

There was submitted a report by the Treasurer to the Board to advise the Board of the internal audit work completed on the Assessor's Service for the financial year ended 31st March 2014, and provide an opinion on the adequacy of the control systems reviewed.

The Board joined the Convener in commending Mr Scott, Internal Audit Manager (The Moray Council) and his team for their continued good work in respect of internal audits of the Assessor's Service.

Following consideration, the Board agreed to note the satisfactory audit opinion derived from audit work completed, as set out in Appendix 1 of the report.

6. VALUATION ROLL AND COUNCIL TAX LIST

There was submitted and noted a report by the Assessor & Electoral Registration Officer (ERO) advising the Board of the Valuation Roll and Council Tax Valuation List performance levels achieved during 2013/14, as set out in Appendices 1 and 2 of the report.

7. REGISTER OF ELECTORS

There was submitted a report by the Assessor & Electoral Registration Officer (ERO) to present electoral registration performance details following publication of the revised registers on 10 March 2014 and to update the Board on activities and developments in the electoral registration services and the transition to individual electoral registration (IER).

In response to a query from the Board, the Assessor & ERO agreed to provide the Board with an overview of reasons for mismatched rejections of postal votes during the European Parliamentary Election.

The Board joined the Convener in commending the Assessor & ERO and his team for their continued good work.

Following consideration, the Board agreed to note:-

(i) that the Assessor & Electoral Registration Officer (ERO) would provide the Board with an overview of reasons for mismatched rejections of postal votes during the European Parliamentary Election; and

(ii) the electoral registration performance information and current activities and developments within the electoral registration service, as set out in Sections 3 and 4 and Appendix of the report.

8. RISK MANAGEMENT

There was submitted a report by The Assessor and Electoral Registration Officer (ERO) to update the Board on the current risk management position.

Following consideration, the Board agreed to note the current version of the risk register and the plans for future reviews, as detailed in Section 4 and Appendix of the report.

9. IRRV SCOTTISH CONFERENCE

There was submitted a report by The Assessor & Electoral Registration Officer (ERO) to advise the Board of the Institute of Revenues, Rating and Valuation (IRRV) Annual Scottish Conference and to seek approval for representation at the conference.

Following consideration, the Board agreed that the Convener, the Deputy Convener, the Assessor and ERO (or substitutes) and a member of the survey staff attend the Institute of Revenues, Rating and Valuation (IRRV) Annual Scottish Conference, with four surveying staff attending the technical sessions as half-day delegates

10. QUESTION TIME

There were no questions raised.

REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 31 OCTOBER 2014

SUBJECT: AUDITED STATEMENT OF ACCOUNTS FOR YEAR ENDED 31 MARCH 2014 AND THE AUDITOR'S REPORT TO OFFICERS AND THE CONTROLLER OF AUDIT

BY: TREASURER TO THE BOARD

1. REASON FOR REPORT

1.1 To submit to the Board the Audited Statement of Accounts for the financial year ended 31 March 2014 and the Auditor's Annual Report to Officers and the Controller of Audit.

2. RECOMMENDATIONS

2.1 It is recommended that the Board:

(a) notes the Audited Statement of Accounts for the year ended 31 March 2014;

(b) notes the surplus of £312,000 for 2013/14;

(c) notes the Auditor's Annual Report to Officers and the Controller of Audit for the year ended 31 March 2014; and

(d) agrees that £309,000 be returned to constituent authorities leaving the maximum permitted balance on the General Fund of £196,000.

3. 2013/14 Accounts

3.1 It is a statutory requirement to submit the Audited Statement of Accounts to the Board within two calendar months of the Accounts being certified by the External auditor. PricewaterhouseCoopers LLP signed the accounts on 29 August 2014.

3.2 A copy of the Audited Statement of Accounts for 2013/14 is circulated with the agenda.

3.3 The final accounts are essentially unchanged from those submitted to the June meeting of the Board, with the exception of minor disclosure adjustments which have been amended in the audited financial statements. One such adjustment has affected the Comprehensive Income and Expenditure Account and relates to a pensions adjustment which was disclosed as a financing cost in the unaudited accounts, but which should have been disclosed as a cost of services. The surplus is unchanged at £312,000.

3.4 The Auditor's Annual Report to Officers and the Controller of Audit was issued on 27 August 2014, a copy of which is attached as an **Appendix**. The report contains the ISA 260 – "Communications to Those Charged with Governance". The External Auditor agreed its contents with the Assessor and the Treasurer to the Board and confirmed that there were no unadjusted misstatements in the accounts. The Auditor also made no recommendations of actions required as a result of the audit.

3.5 The Auditor's Annual Report also confirmed that the audit opinion is unqualified. The Independent Auditor's Report, including the audit opinion, is on pages 59 and 60 in the Accounts, and confirms that the financial statements give a true and fair view of the Board's financial position for 2013/14.

3.6 The surplus transferred to the General Fund is £3,000, leaving £309,000 to be returned to the Constituent authorities in proportion to the percentage of requisitions for 2013/14 as follows:

Authority	**%**	**Amount to be Returned**
Aberdeen City	39.23	£121,219
Aberdeenshire	44.68	£138,058
Moray	16.09	£49,723
Total	100.00	£309,000

If approved, the £309,000 will be returned to constituent authorities by netting off from the November requisitions.

4. CONCLUSION

4.1 The Statement of Accounts for the year ended 31 Match 2014 was given an unqualified audit opinion.

4.2 The Board generated a surplus of £312,000 in 2013/14. If approved £309,000 will be returned to constituent authorities leaving the maximum permitted balance on the General Fund of £196,000.

Author of Report : Deborah Brands
Ref

Signature:

Date: 23 October 2014

Designation: Treasurer Name: Margaret Wilson

APPENDIX

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Grampian Valuation Joint Board

Annual Report to Officers and the Controller of Audit for the year ended 31 March 2014

27 August 2014

pwc

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1. Introduction

Purpose of this report

1.01 This Annual Report is primarily intended to direct your attention to matters of significance that have arisen out of the 2013/14 audit process. The report is not only addressed to officers, but it is also addressed to the Controller of Audit who appoints us as your external auditor.

Scope of the Audit

1.02 Our overall responsibility as external auditor of Grampian Valuation Joint Board ('the Joint Board') is to undertake our audit in accordance with the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011. In this regard, the Code sets out the need for public sector audits to be planned and undertaken from a wider perspective than in the private sector involving not only assurance on the financial statements but also consideration of areas such as regularity, propriety, performance and the use of resources. It also sets out the need to recognise that the overall audit process is a co-ordinated approach involving the "appointed auditor", the Controller of Audit and other auditors such as Audit Scotland's Local Government Public Reporting Group and the Best Value Team.

1.03 Our audit for 2013/14 has been planned and conducted throughout the year to take into account these wider responsibilities and our obligations set out in the Code of Practice.

1.04 Under the requirements of the International Standard on Auditing (UK and Ireland) ('ISA') 260: "*Communication of audit matters to those charged with governance*", we are required to communicate audit matters arising from the audit of the financial statements to those charged with governance of an entity. This Annual Report to Members discharges our requirements under ISA 260.

Acknowledgment

1.05 We would like to formally extend our thanks to all Moray Council Officers and Assessor's staff for the assistance they have given us during the audit process.

2. Audit Process and Financial Position

Our Audit Opinion

2.01 The Local Government (Scotland) Act 1973 requires that, following the completion of an audit, the auditors shall place on the abstract of accounts a certificate which sets out the basis on which they have formed their audit opinion. Our opinion on the accounts states that the financial statements:

- give a true and fair view in accordance with applicable law and the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 ("the 2013/14 Code") of the state of the affairs of the Joint Board as at 31 March 2014 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union, as interpreted and adapted by the 2013/14 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

2.02 Our opinion for the year ended 31 March 2014, as set out in the format presented by the Accounts Commission is **unqualified**.

Audit Process

2.03 The financial statements for the Joint Board have been prepared in accordance with the accounting requirements set out in the 2013/14 Code. All disclosure changes proposed as part of the audit have been adjusted.

2.04 The accounts were approved by the Treasurer for issue on 30 May 2014 and presented to Audit Scotland by 30 June 2014. The financial statements and supporting schedules were presented to us for audit within the agreed timetable. The quality of supporting working papers provided and internal review process undertaken by management were of a good standard. Overall we believe an efficient audit process was achieved and an effective working relationship exists with the Moray Council accountancy staffs that prepare the financial statements on behalf of the Joint Board.

Adjustment to the draft Financial Statements

2.05 Our audit of the financial statements identified minor disclosure adjustments which have now been amended by Management in the financial statements.

2.06 Under international auditing standard ("ISA") 260 – "Communication of audit matters to those charged with governance" we are required to report all unadjusted errors identified during the course of our audit to Members of the Joint Board in their governance role. We are pleased to report that there were no unadjusted misstatements.

Financial Position for the year ended 31 March 2014

2.07 The Joint Board's deficit on the provision of services for the year ended 31 March 2014 was £0.372million. After allowing for the reversal of statutory charges for International Accounting Standard 19 (IAS19) of £0.357m, depreciation and impairment totalling £0.018m, there remains a surplus of £0.003m which has been transferred to the General Fund.

Expenditure for the year was £3.96million, a reduction of £36,000 from the restated prior year. £3.927m of requisitions was received in the year from Aberdeen City Council, Aberdeenshire Council and Moray Council, as the Joint Board's constituent authorities. However, at year end £0.309million was included as a creditor to these constituent authorities to account for requisition income not spent. This has been allocated between the constituent authorities on the basis of population.

2.08 The Board agreed that transfers to the General Fund would be restricted to 3% of the total budget in any one year and the cumulative balance would not exceed 5% of the total budget for that year. The General Fund balance as at 31 March 2014 is £196,000, which is the maximum permitted by the Board. There was no movement in the Capital Fund in the year.

Performance against budget

2.09 Overall, there was a total under spend in the year of £312,000 against budget. This can be analysed as follows:

	£
Staff Costs	191,000
Property Costs	31,000
Transport Costs	(5,000)
Supplies and Services	(103,000)
Support Services	(8,000)
Income	206,000
Net Underspend Against Budget	**312,000**

The main reason for the underspend in staff costs was vacant posts. The Property Costs budget was increased in 2013/14 in anticipation of an increase in the annual service charge payable to Aberdeenshire Council for the Board's occupancy of Woodhill House. However, in the event this did not materialisie, resulting in an underspend against budget. Supplies and Services expenditure was over budget in relation to postages, IT expenses and general expenses. This is attributable to the costs associated with the Young Voter Canvas although this was partially offset by additional income to cover the implementation costs of Individual Electoral Registration and Young Voter Registration.

3. Governance and Internal Financial Control

3.01 It is part of management's overall responsibility to design and maintain appropriate systems of internal control to provide reasonable assurance that the accounting systems provide timely, accurate and reliable financial information and to safeguard the Joint Board's assets.

3.02 As auditors, we obtain a sufficient understanding of internal controls to plan the audit. The understanding includes knowledge about the design of policies and procedures and whether they have been implemented, but does not necessarily extend to evaluating the operating effectiveness of all such policies and procedures. We would only test, those internal controls on which we plan to rely on during our audit and which are required in relation to our Code of Audit Practice responsibilities Accordingly, an audit would not usually identify all matters of interest to management in discharging its responsibilities.

Key Financial Controls

3.03 The Joint Board utilises the key financial systems in place at Moray Council, in particular general ledger, payroll, accounts payable and accounts receivable. During the course of our work at Moray Council we noted no control deficiencies in respect of the Council's financial systems which are also applicable to the Joint Board.

Statement of Internal Financial Control

3.04 The financial statements, in accordance with the 2013/14 Code, include a statement on the system of internal financial control which has been signed by the Joint Board's Treasurer. This statement sets out the financial control arrangements in place for the year, including internal audit reviews that were undertaken, and the risk management process, including the key risks faced by the Joint Board. This statement is in line with the requirements set out in the 2013/14 Code.

4. ISA 260 Communications to Those Charged with Governance

4.01 International Standards on Auditing ("ISA") (UK&I) 260 – Reporting to those charged with Governance, requires that the External Auditor communicates certain matters to those charged with governance. Summarised below is how we have addressed these requirements for the Joint Board:

Communication Required under ISA 260	Reference/Comment
Engagement Letters	✓ Signed Engagements Letter with Audit Scotland at the start of our 5 year appointment and updated annually.
Independence	✓ We confirmed there are no matters which may be perceived to impact the independence and objectivity of the audit team.
Audit Approach and Scope	✓ Our approach to the audit is based upon an understanding of the Joint Board and its business. Compliance with International Standards on Auditing (ISAs) is integral to our approach and our methodology is undertaken to ensure compliance with the additional requirements of the APB's Practice Note 10 – Audit of the Financial Statements of Public Bodies in the UK.
Materiality	✓ Our calculation for materiality is based on 2% of total expenditure in year, resulting in an overall materiality of £84,120.Our approach is in line with Auditing Standards.
Form and Timing of Communications	✓ Agreed as per Audit Scotland's planning guidance, and agreed with Moray Council officers.
Accounting Policies/Estimates/Disclosures	✓ No matters to report.
Correspondence with management on significant matters	✓ There were no significant accounting matters. Disclosure matters have been resolved during our fieldwork.
Letter of Representation	✓ To be signed in August 2014.
Other matters significant to the oversight of financial reporting process and material uncertainties relating to Going Concern	✓ None identified.
Related Parties	✓ Other than those transactions disclosed in the financial statements we have not identified any further transactions requiring disclosure.
Fraud	✓ There are no matters to report.
Material Weaknesses in Internal Controls	✓ There are no matters to report.

AUDITED ACCOUNTS

GRAMPIAN VALUATION JOINT BOARD

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

If you need information from the Moray Council in a different format, such as Braille, audio tape or large print, please contact:

如果閣下需要摩里議會用你認識的語言向你提供議會資訊的話，請要求一位會說英語的朋友或親人與議會聯繫

Jeżeli chcieliby Państwo otrzymać informacje od samorządu rejonu Moray w swoim języku ojczystym, Państwa przyjaciel lub znajomy, który mówi dobrze po angielsku, może do nas

Se necessita de informação, do Concelho de Moray, traduzida para a sua língua, peça o favor a um amigo ou parente que fale Inglês para contactar através do:

Jeigu Jums reikalinga informacija iš Moray regiono Savivaldybės *[Moray Council]*, kurią norėtumėte gauti savo gimtąja kalba, paprašykite angliškai kalbančių draugų arba giminaičių susisiekti su mumis

Чтобы получить информацию из Совета Морэй на Вашем языке, попросите, пожалуйста, Вашего друга или родственника, говорящих по английски, запросить ее

Si necesitas recibir información del Ayuntamiento de Moray en tu idioma. Por favor pide a un amigo o familiar que hable inglés que:

Project Officer, Chief Executive’s Office, High Street, Elgin, IV30 1BX

01343 563319 equalopportunities@moray.gov.uk

(Wednesday or Thursday only): 18002 01343563603

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EXPLANATORY FOREWORD BY THE TREASURER

INTRODUCTION

The Joint Board was created following Local Government Re-organisation on 1 April 1996, under the Local Government (Scotland) Act 1994 and administers the Rating Valuation, Council Tax Valuation and Electoral Registration services on behalf of Aberdeenshire, Aberdeen City and Moray Councils. The Board receives its financial support from the three constituent authorities by requisitioning the funding for its Revenue Budget each financial year.

The Moray Council provides a comprehensive support service to the Board including finance, legal services, IT and human resources. The Treasurer to the Board is the Moray Council's Head of Financial Services.

CORE FINANCIAL STATEMENTS

The **Movement in Reserves Statement** shows the movement on the different reserves held by the Board, analysed into 'usable reserves' and 'unusable reserves'.

The **Comprehensive Income and Expenditure Statement** is a summary of the resources generated and consumed by the Board in the year.

The **Balance Sheet** shows the assets and liabilities of the Board and shows a picture of the Board's financial position as at 31 March 2014.

The **Cash Flow Statement** summarises the flows of cash into and out of the Board for the year to 31 March 2014.

EXPLANATORY FOREWORD BY THE TREASURER (continued)

FINANCIAL PERFORMANCE 2013/14

The Board's financial results for the year compared against budget are shown below.

Actual 2012/13 £000		Budget 2013/14 £000	Actual 2013/14 £000
2,861	Staff Costs	3,036	2,845
297	Property Costs	339	308
70	Transport Costs	68	73
415	Supplies and Services	448	551
52	Support Services	46	54
3,695	**Gross Expenditure**	3,937	3,831
9	Sales and Miscellaneous Income	8	18
26	Government Grants and Recharges Income	-	196
1	Interest on Revenue Balances	2	2
36	**Gross Income**	10	216
3,659	**Net Expenditure**	3,927	3,615

At the meeting of the Board on the 25 January 2013 the revenue budget for 2013/14 was approved at £3.927m (2012/13 £3.854m). The actual expenditure requisitioned from the constituent authorities was £3,615m (2012/13 £3.659m). The underspend of £0.312m (2012/13 £0.195m) can be analysed as follows:

2012/13 £000		2013/14 £000
111	Staff Costs	191
28	Property Costs	31
4	Transport Costs	(5)
29	Supplies and Services	(103)
(6)	Support Services	(8)
29	Income	206
195	**Net Underspend Against Budget**	**312**

The main reason for the underspend in staff costs was vacant posts. The Property Costs budget was increased in 2013/14 in anticipation of an increase in the annual service charge payable to Aberdeenshire Council for the Board's occupancy of Woodhill House, but as this wasn't realised it has resulted in an underspend against budget. Supplies and Services expenditure was over budget on postages, IT expenses and general expenses due to the Young Voter Canvas although this was offset by income recoveries as the Board received £0.196m grant income to defray the implementation costs of Individual Electoral Registration and Young Voter Registration.

It was agreed by the Board at its meeting on 28 January 2011 that a General Fund would be created to provide the Assessor with some flexibility to investigate any spend to save

EXPLANATORY FOREWORD BY THE TREASURER (continued)

FINANCIAL PERFORMANCE 2013/14 (continued)

projects which would require one-off expenditure in order to deliver future budget savings and would also be used to smooth expenditure one year to the next. The Board agreed that transfers to the fund would be restricted to 3% of the total budget in any one year and that the cumulative balance would not exceed 5% of the total budget of that year. The maximum amount that can be transferred to the General Fund in 2013/14 is £0.003m. This will take the balance on the General Fund to the maximum permitted, i.e. 5% of the total budget for 2013/14 which equates to £0.196m.The remaining underspend of £0.309m will be returned to the authorities.

The Comprehensive Income and Expenditure Statement shows a deficit of £0.372m on the provision of services for the year. After allowing for the reversal of statutory charges for International Accounting Standard 19 (IAS19) of £0.357m, depreciation and impairment totalling £0.018m, there remains a surplus of £0.003m which has been transferred to the General Fund. Included in the Requisitions and Non-Specific Grant Income line is the refund due to the constituent authorities of £0.309m. This is allocated between the constituent authorities on the basis of population and will be returned to authorities after the statement of accounts are audited. For 2013/14 the amount to be returned has been allocated as follows:

2012/13			2013/14	
£000	**%**	**Constituent Authority**	**£000**	**%**
78	39	Aberdeen City Council	121	39
88	45	Aberdeenshire Council	138	45
32	16	Moray Council	50	16
198	100	**Total**	309	100

Capital Fund

A Capital Fund was established in 2002/03 using the Board's share of proceeds from the sale of Woodhill House. The balance on the fund at 31 March 2014 was £0.072m (2012/13 £0.072m).

The Board agreed that any major capital requirements for the Board in the future would be funded through the normal requisition process.

Significant Future Risk to Funding

The public sector in Scotland is facing severe financial pressures. The main challenge in preparing the 2013/14 budget was the request from the constituent authorities to continue to achieve savings. With employee costs representing almost 77% of the revenue budget there was little scope to make efficiencies without impacting on the level of service. Despite inflationary and operational pressures in some areas of the budget, some efficiencies in working practices were also reflected and the 2013/14 revenue budget increase compared to 2012/13 was 1.9% in cash terms. Almost 96% of the increase related to anticipated pay awards, anniversary increments and related overheads.

The Board set a budget for 2014/15 which has increased slightly from the current year due to increased demands made on the service and in line with constituent authorities a pay award has also been included at 1% for all employees.

The Assessor has tried to alleviate the impact of these pressures and has generated savings in the budget from continued efficiencies in working practices. The transition to individual electoral registration to takes place in 2014/15 and although some funding towards costs has been allocated by the Cabinet Office, the full impact of the emerging detailed legislation on expenditure has added a further element of uncertainty.

Given these factors the Assessor and his management team have highlighted future funding as a significant risk and the impact this may have on the delivery of the service.

RETIREMENT BENEFITS

Employee Benefits (IAS 19)

In accordance with CIPFA/LASAAC guidance IAS 19 has been fully adopted in preparing the statement of accounts of the Board. The standard prescribes how employing organisations are to account for pension benefits earned by employees in the year and associated pension assets and liabilities.

Employees are eligible to join the North East Scotland Pension Fund, a Local Government Pension Scheme (LGPS), administered by Aberdeen City Council. Note 23 to the statement of accounts details the income and expenditure charged to the Comprehensive Income and Expenditure Statement under IAS 19 in respect of the North East Scotland Pension Fund, based upon estimates provided by the actuary to the Fund.

The liability on the North East Scotland Pension Fund and a pensions reserve are incorporated on the balance sheet. In the Comprehensive Income and Expenditure Statement, the cost of retirement benefits is recognised in the Net Cost of Services when earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is funded by requisitions is based on the contribution payable to the pension scheme in the year, so the cost of retirement benefits is reversed out in the Movement in Reserves Statement. The Balance Sheet shows that the Board has a net pension liability of £4.007m as at 31 March 2014 (31 March 2013 £5.929m) due to the accrual of pension liabilities in accordance with IAS 19.

CHANGE OF ACCOUNTING POLICY

On 1 April 2013, the Board implemented a change in accounting policy relating to the June 2011 amendments to the accounting standard IAS 19 Employee Benefits. The key change relates to the expected return on assets and in order to permit a meaningful comparison between financial years, some figures in the previous year's audited financial statements have been restated. The details of the changes are summarised in note 23 to the statement of accounts.

EXPLANATORY FOREWORD BY THE TREASURER (continued)

GOING CONCERN

The accrual of pension liabilities has a significant impact on the Balance Sheet at 31 March 2014 which shows an excess of liabilities over assets of £3.080m (£5.049m at 31 March 2013). Future actuarial valuations of the North East Scotland Pension Fund will consider the appropriate employee/employer's rate to meet the commitments of the Fund and the constituent authorities of the Board are required to fund the liabilities of the Board as they fall due. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

ACKNOWLEDGEMENTS

My thanks go to the staff, who contribute to the preparation of these statement of accounts and in particular to Finance staff at the Moray Council for their hard work in meeting the year-end deadlines.

Margaret Wilson, CPFA
Treasurer
29 August 2014

GLOSSARY OF TERMS

EXPENDITURE

Employee Costs:
Includes direct employee expenses such as salaries and overtime, employer's national insurance and superannuation contributions. Indirect employee expenses include relocation cost, interview expenses, training and staff advertising.

Property Costs:
Includes property costs such as rent, rates, repairs and maintenance and premises-related contributions at the area offices in Banff, Elgin and Woodhill House headquarters. The service charge for Woodhill House is also included. Energy costs, water services and premises insurance as well as fixtures and fittings, grounds maintenance and cleaning supplies are also included.

Transport Costs:
This includes all costs associated with the provision, hire or use of transport, including staff travel allowances and public transport.

Supplies and Services:
Includes the cost of purchasing equipment, furniture and materials used in the operation or administration of the service. Other Supplies and Services expenses include printing, stationery, catering and provision of protective clothing. Also included are canvass expenses and valuation appeal panel costs.

Support Services;
This is a charge from the Moray Council for services that support the Board in its provision of services to the public. These include the functions of Legal Services, Finance, Internal Audit, IT and Human Resources.

Corporate Democratic Core (CDC):
These are costs associated with democratic representation and include Members expenses and costs relating to the corporate management of the Board.

Non Distributed Costs (NDC):
These are costs which cannot be allocated to the cost of a service such as the cost of discretionary benefits awarded to employees retiring early and past service gains.

Depreciation:
Depreciation is a charge to the Comprehensive Income & Expenditure Account, reflecting the decline in value of assets as a result of their usage or ageing.

Impairment:
Impairment is a charge to the Comprehensive Income and Expenditure Account, reflecting that the recoverable amount of an asset is less than its carrying amount.

GLOSSARY OF TERMS (Continued)

INCOME

Customer and Client Receipts:
Income received for services provided.

Requisitions:
Funding received from the constituent authorities for which the Board provides a service.

OTHER

CIPFA
The Chartered Institute of Public Finance and Accountancy

LASAAC
Local Authority (Scotland) Accounts Advisory Committee

IFRS
International Financial Reporting Standard

The Code
The Code of Practice on Local Authority Accounting in the United Kingdom

SeRCOP
Service Reporting Code of Practice

Fair Value
Fair Value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

For land and buildings, fair value is the amount that would be paid for the asset in its existing use.

Economic Cost
The total cost of performing an activity or following a decision or course of action.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Board's Responsibilities

The Board is required to: -

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

The Treasurer's Responsibilities

The Treasurer to the Board is responsible for the preparation of the Board's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code).

In preparing this statement of accounts, the Treasurer has: -

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Treasurer has also

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

I confirm that this Statement of Accounts gives a true and fair view of the financial position of the Board at the reporting date and its income and expenditure for the year ended 31 March 2014.

Margaret Wilson, CPFA
Treasurer
29 August 2014

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the Annual Statement of Accounts for the Grampian Valuation Joint Board for the year ended 31 March 2014. I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely year.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability. Managers within the Assessor's service and the Moray Council undertake development and maintenance of the system, which includes:

- Comprehensive budgeting systems
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts
- Setting targets to measure financial and other performance
- The preparation of regular financial reports which indicate actual expenditure against the forecasts

Internal Audit of the Moray Council is an independent appraisal activity, which reviews the internal financial control system as a service to the Board. In accordance with the principles of the Code of Practice for Internal Audit in Local Government, the Internal Audit Manager reports to the Board on the planned audit coverage and on the findings and recommendations arising from audit work completed.

The Internal Audit Manager also undertakes an annual independent appraisal of the Joint Board's internal financial control system and provides an independent opinion on the adequacy and effectiveness of the internal financial control system.

For the 2013/14 financial year, internal audit work included an analytical review of budgeted and actual expenditure in the current and prior years, and testing of transactions covering employee payroll costs, payment of creditors and revenue generated. The audit work confirmed the adequacy of the systems and procedures in place.

The Assessor's procedures for maintaining the Valuation Roll and Council Tax lists and for reporting additions, deletions and amendments to the lists to constituent authorities were reviewed to confirm these were operating as intended.

The most recent risk register, updated in April 2014, was also reviewed confirming that the Assessor and his management team actively identify, document and address the principal risks facing the Board.

Each risk is assigned an 'owner' who is responsible for leading on risk mitigation measures. The register is reviewed and revised regularly by the management team, with an annual update being provided to the Board in support of good governance practice.

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL (continued)

Three main areas in the risk register continue to be identified as high risk:

- The reduction in funding from the three constituent authorities and the impact of this on service delivery
- The introduction of Individual Electoral Registration (IER) and the consequential impact on workloads
- The shift in taxation ethos from Council Tax to Local Income Tax

Additionally, although financial limits for the Assessor and his staff are indexed as required and approved by the Treasurer, the Financial Regulations were last agreed by the Board in January 2010 and will be reviewed during 2014/15.

Opinion

My review of the effectiveness of the system of internal financial control is informed by my knowledge of:

- The work of the Assessor and his management team
- The work of the internal auditors as described above.
- The external auditor in the annual audit letter and other reports.

It is my opinion, based on the above information, that reasonable assurance can be placed on the adequacy and effectiveness of the Board's internal financial control systems in place for the year ended 31 March 2014.

Margaret Wilson, CPFA
Treasurer
29 August 2014

REMUNERATION REPORT

This report has been written to provide details of the Grampian Valuation Joint Board's remuneration arrangements for its senior councillors and senior employees. This is required under the Local Authority Accounts (Scotland) Amendment Regulations 2011.

All information disclosed in the tables 1 to 4 in this Remuneration Report will be audited by the external auditors PricewaterhouseCoopers LLP. The other sections of the Remuneration Report will be reviewed by PricewaterhouseCoopers LLP to ensure that they are consistent with the financial statements.

Remuneration of Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2013. These regulations set out the amounts a councillor may be paid for being a convenor or vice-convener of a Joint Board. This is inclusive of any amounts payable to them as either a councillor or senior councillor of their own Local Authority.

The Board consists of 15 members comprising 6 from Aberdeen City Council, 6 from Aberdeenshire Council and 3 from the Moray Council. The local authority of which the Convener or Vice Convener is a member pays the remuneration appropriate to the member's work with the joint board. Conveners receive a remuneration which when added to their existing remuneration as a Councillor/Senior Councillor equals 75 percent of the Leader of a "Band A" council, i.e. £20,497 per annum. The Vice Convener's remuneration is calculated on the basis of the basic salary plus 75 percent of the difference between the basic salary and the Convener's salary, i.e. £19,472 per annum. These rates are effective for the year ending 31 March 2014. Revised rates apply from 1 April 2014.

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

Remuneration of Senior Councillors, Convener and Vice-Convener

Councillor Shepherd is Convener of the Grampian Valuation Joint Board for the year to May 2017. He does not receive an additional allowance as he is already paid a senior councillor salary by the Moray Council for his role as Chair of the Licensing Committee. Details of his salary are included in the remuneration report for Moray Council.

Councillor Owen is Depute Convener of the Board for the year to May 2017. She receives a Special Responsibility Allowance from Aberdeenshire Council for her role as Chair of the Scrutiny and Audit Committee and so no additional award is made for undertaking duties for the Valuation Board. This allowance is paid for in full by Aberdeenshire Council and will be included in their remuneration report. All other Councillors' expenses are paid directly by the authority that they serve and will also be included in the individual authority's remuneration report.

REMUNERATION REPORT (continued)

Remuneration of Councillors (Table 1)

The Grampian Valuation Joint Board paid the following salaries, allowances and expenses for all councillors (including senior councillors) during the year. It includes expenses met directly by the Board and expenses reimbursed to Councillors. As explained in the previous paragraphs, no salary costs are payable by the Board for the current Convener and Depute Convener.

Type of Remuneration	2013/14	2012/13
	£	£
Salaries	-	367
Expenses	532	532
TOTAL	**532**	**899**

Remuneration of Senior Employees

The Local Authority Accounts (Scotland) Amendment Regulations 2011 require remuneration information to be disclosed for senior employees and these are categorised by the following criteria:

i) A person who has responsibility for the management of a local authority to the extent that the person has power to direct or control the major activities of the authority whether solely or collectively with other persons.

ii) A person 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.

iii) A person whose annual remuneration, including any annual remuneration from a local authority subsidiary body is £150,000 or more.

These regulations apply equally to Joint Boards and remuneration disclosure is therefore required for the Assessor and Electoral Registration Officer (ERO) and two Depute Assessor and Depute Electoral Registration Officers who are deemed to be senior employees for the Grampian Valuation Joint Board. Details are shown on Table 2 on the next page.

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) sets the terms and conditions and pay bandings for senior employees but actual remuneration levels are set locally and were last agreed by the Board on 23 January 2004.

REMUNERATION REPORT (continued)

Remuneration of Senior Employees of the Board (Table 2)

Name and Post Title	Salary, fees and allowances	Taxable Expenses	Total Remuneration 2013/14	Total Remuneration 2012/13
	£	**£**	**£**	**£**
Ian Milton - Assessor & ERO	102,371	539	102,910	102,013
Gavin Oag - Depute Assessor & ERO	79,831	617	80,448	79,685
Mark Adam - Depute Assessor & ERO	71,153	637	71,790	71,109
TOTAL	**253,355**	**1,793**	**255,148**	**252,807**

The Treasurer and the Clerk to the Board do not receive remuneration from the Valuation Board. The duties of the posts are covered by the postholders' substantive posts in the Moray Council.

<u>Pension Benefits</u>

Pension benefits for councillors and local government employees are provided through the North East Scotland Pension Fund, a Local Government Pension Scheme. Details of pension benefits paid are included on Table 3 on page 17.

Councillors' pension benefits are based on career average pay. The councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day in the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the year of membership to calculate the career average pay. This is the value used to calculate the pension benefits. The Board pays a contribution to the Pension Fund for the Convener and Depute Convener's pension contributions if they are members of the scheme and this is based on a percentage of the cost of the Special Responsibility Allowance. The Board is not liable to pay any pension contributions for the current Convener and Depute Convener.

REMUNERATION REPORT (continued)

Pension Benefits (continued)

For local government employees this is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. The scheme's normal retirement age for both councillors and employees is 65.

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

The member contribution rates for 2013/14 are the same as for 2012/13; however the earnings bands have changed as shown in the table below. The figures for 2012/13 are shown in brackets for comparison.

Whole time earnings (2012/13 in brackets)	Contribution rate 2013/14	Contribution rate 2012/13
On earnings up to and including £19,800 (£19,400)	5.50%	5.50%
On earnings above £19,800 and up to £24,200 (£19,400 - £23,700)	7.25%	7.25%
On earnings above £24,200 and up to £33,200 (£23,700 – £32,500)	8.50%	8.50%
On earnings above £33,200 and up to £44,200 (£32,500 - £43,300)	9.50%	9.50%
On earnings above £44,200 (£43,300)	12.0%	12.0%

If a person works part-time their contribution rate is 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) some pension for a lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on $1/60^{th}$ of the final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on $1/80^{th}$ and a lump sum based on $3/80^{th}$ of the final pensionable salary and years of pensionable service).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their local government service, and not just their current appointment.

REMUNERATION REPORT (continued)

Pension Benefits (continued)

Senior Employees (Table 3)

The pension entitlements of Senior Employees for the year to 31 March are shown in the table below, together with the contribution made by the Board to each Senior Employees' pension during the year.

	In-year pension contributions			Accrued pension benefits	
	For the year to 31 March 2014	**For the year to 31 March 2013**		**As at 31 March 2014**	**Difference from March 2013**
	£	**£**		**£**	**£**
Ian Milton Assessor and ERO	19,730	19,535	Pension Lump Sum	40,095 94,726	2,084 937
Gavin Oag Depute Assessor & ERO	15,380	15,228	Pension Lump Sum	25,840 57,597	1,571 570
Mark Adam Depute Assessor & ERO	13,705	13,569	Pension Lump Sum	26,688 62,312	1,436 617
TOTAL	**48,815**	**48,332**		**307,258**	**7,215**

All senior employees shown in the tables above are members of the North East Scotland Pension Fund. 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.

REMUNERATION REPORT (continued)

General Disclosure by Pay Band

The Regulations require information to be provided for the number of persons whose remuneration is £50,000 or more. This information is disclosed in bands of £5,000 and is shown on Table 4 below.

General Disclosure by Pay Band (Table 4)

The Table includes the remuneration of the senior employees detailed in Table 2.

Remuneration Band	Number of employees	
	2013/14	2012/13
£50,000 - £54,999	4	4
£70,000 - £74,999	1	1
£75,000 - £79,999	-	1
£80,000 - £84,999	1	-
£100,000 - £104,999	1	1
Total	7	7

Margaret Wilson, CPFA
Treasurer
29 August 2014

MOVEMENT IN RESERVES STATEMENT AS AT 31 MARCH 2014

This Statement shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves' and 'unusable reserves'. Usable reserves are those that can be applied to fund expenditure subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital fund that may only be used to fund capital expenditure or repay debt). Unusable reserves include reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the line "Adjustments between accounting basis and funding basis under regulations".

The 'Surplus on provision of services' line shows the true economic cost of providing the Board's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Requisition setting. The 'Net Increase /Decrease before transfers to other statutory reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Board.

Details are tabulated first for 2012/13 for comparative purposes.

	General Fund **£000** Restated	Capital Fund **£000**	Total Usable Reserves **£000** Restated	Unusable Reserves (Note 16) **£000** Restated	Total Board Reserves **£000** Restated
Balance at 31 March 2012	**196**	**71**	**267**	**(4,488)**	**(4,221)**
Surplus/(Deficit)on provision of services (accounting basis)	(285)	-	**(285)**	**-**	**(285)**
Other Comprehensive Expenditure and Income	-	-	**-**	**(543)**	**(543)**
Total Comprehensive Income and Expenditure	**(285)**	**-**	**(285)**	**(543)**	**(828)**
Adjustments between accounting basis & funding basis under regulations (Note 7)	283	-	**283**	**(283)**	**-**
Net Increase / (Decrease) before Transfers to Other Statutory Reserves	**(2)**	**-**	**(2)**	**(826)**	**(828)**
Transfers to / from Other Statutory Reserves	(1)	1	**-**	-	**-**
Increase / (Decrease) in Year	**(3)**	**1**	**(2)**	**(826)**	**(828)**
Balance at 31 March 2013	**193**	**72**	**265**	**(5,314)**	**(5,049)**

MOVEMENT IN RESERVES STATEMENT AS AT 31 MARCH 2014 (continued)

	General Fund £000	Capital Fund £000	Total Usable Reserves £000	Unusable Reserves (Note 16) £000	Total Board Reserves £000
Balance at 31 March 2013	**193**	**72**	**265**	**(5,314)**	**(5,049)**
Surplus/(Deficit)on provision of services (accounting basis)	(372)	-	**(372)**	**-**	**(372)**
Other Comprehensive Expenditure and Income	-	-	**-**	**2,341**	**2,341**
Total Comprehensive Income and Expenditure	**(372)**	**-**	**(372)**	**2,341**	**1,969**
Adjustments between accounting basis & funding basis under regulations (Note 7)	375	-	**375**	**(375)**	**-**
Net Increase / (Decrease) before Transfers to Other Statutory Reserves	**3**	**-**	**3**	**1,966**	**1,969**
Increase / (Decrease) in Year	**3**	**-**	**3**	**1,966**	**1,969**
Balance at 31 March 2014	**196**	**72**	**268**	**(3,348)**	**(3,080)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the expenditure to be funded from requisitions. The Board raises requisitions from the three constituent Local Authorities in accordance with statute and this is different from the accounting cost. The effect on the General Fund is shown in the Movement in Reserves Statement.

31 March 2013					31 March 2014		
£000 Restated Expenditure	£000 Income	£000 Restated Net		Note	£000 Expenditure	£000 Income	£000 Net
3,722	(35)	3,687	Rating and Council Tax Valuation and Electoral Registration		3,951	(214)	3,737
15	-	15	Corporate and Democratic Core		16	-	16
3,737	**(35)**	**3,702**	**Cost Of Services**		**3,967**	**(214)**	**3,753**
241	(2)	239	Financing and Investment Income and Expenditure	8	239	(2)	237
		(3,656)	Requisitions and Non-Specific Grant Income				(3,618)
		285	**(Surplus)/Deficit on Provision of Services**	22			**372**
		-	Surplus on revaluation of Property, Plant and Equipment	9			(77)
		543	Remeasurement of the Net Defined Benefit Liability	23			(2,264)
		543	**Other Comprehensive Income and Expenditure**				**(2,341)**
		828	**Total Comprehensive Income and Expenditure**				**(1,969)**

BALANCE SHEET AS AT 31 MARCH 2014

The Balance Sheet shows the value as at the Balance Sheet date of assets and liabilities recognised by the Board. The net assets of the Board (assets less liabilities) are matched by the reserves held by the Board.
Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Board may use to provide services. The second category of reserves is unusable reserves, i.e. those that the Board is not able to use to provide services.

31 March 2013 £000		Note	31 March 2014 £000
681	Property, Plant & Equipment	9	740
9	Long Term Debtors	10	11
690	**Long Term Assets**		**751**
67	Short Term Debtors	11	213
536	Cash and Cash Equivalents	12	547
603	**Current Assets**		**760**
(413)	Short Term Creditors	13	(584)
(413)	**Current Liabilities**		**(584)**
(5,929)	Other Long Term Liabilities	23	(4,007)
(5,929)	**Long Term Liabilities**		**(4,007)**
(5,049)	**Net Liabilities**		**(3,080)**
	Usable reserves	15	
193	General Fund		196
72	Capital Fund		72
265	Total		**268**
	Unusable Reserves	16	
162	Revaluation Reserve		235
519	Capital Adjustment Account		505
(5,929)	Pensions Reserve		(4,007)
(66)	Employee Statutory Adjustment Account		(81)
(5,314)	Total		**(3,348)**
(5,049)	**Total Reserves**		**(3,080)**

The notes on Pages 27 to 58 form part of the Financial Statements.

Margaret Wilson, CPFA
Treasurer
29 August 2014

The unaudited statement of accounts was issued on 30 May 2014 and the audited statement of accounts was authorised for issue on 29 August 2014.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

The Cash Flow statement shows the changes in cash and cash equivalents of the Board during the financial year. The statement shows how the Board generates and uses cash and cash equivalents by classifying cash flows as; operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Board are funded by way of requisition and grant income or from the recipients of services provided by the Board. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Board's future service delivery, i.e. assets.

31 March 2013 £000 Restated		**31 March 2014 £000**
285	Net (surplus) or deficit on the provision of services	372
(244)	Adjust net (surplus) or deficit on the provision of services for non cash movements (Note 18)	(383)
41	Net cash flows from Operating Activities	(11)
41	Net (increase) or decrease in cash and cash equivalents	(11)
577	Cash and cash equivalents at the beginning of the financial year	536
536	Cash and cash equivalents at the end of the financial year	547

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Accounting Policies

General Principles

The Statement of Accounts summarises the Board's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Board is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985, which section 12 of the Local Government in Scotland Act 2003 require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. The implementation of IFRS 13 Fair Value Measurement, has been deferred until 2014/15. The principal accounting policies have been applied consistently throughout the year. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of property, plant and equipment.

Accruals and Income and Expenditure

Income and Expenditure activities are accounted for in the year in which they take place, not simply when cash payments are made or received.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where the debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Non Current Assets

Property Plant and Equipment

Recognition: All expenditure on the acquisition, creation, enhancement or replacement of a part of an asset is capitalised providing the asset yields benefit for more than one year to the Board and the services it provides and the cost can be reliably measured.

Where a component is replaced or restored, the carrying amount of the old component is derecognised and the new component reflected in the carrying amount.

Measurement: New assets are measured at cost on an accruals basis and property is revalued at least every five years. Cost includes the original purchase of the asset and the costs attributable to bringing the assets to its working condition for its intended use.

Assets are measured at fair value which is Existing Use Value for Land and Buildings and Depreciated Historic Cost for Equipment and Furniture.

Revaluation gains are recognised in the Revaluation Reserve, unless the increase is reversing either a previous impairment loss or a previous revaluation loss charged to the Comprehensive Income and Expenditure Statement in which case the revaluation amount is used first to reverse the previous loss and any excess is treated as a revaluation gain and credited to the Revaluation Reserve.

Revaluation losses are recognised in the Revaluation Reserve up to the credit balance existing in respect of that asset and thereafter in the Comprehensive Income and Expenditure Statement.

Revaluation gains and losses charged to the Comprehensive Income and Expenditure Statement are not a charge to the General Fund and are transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

Note 1 Accounting Policies (continued)

Non Current Assets (continued)

Property, Plant and Equipment (continued)

Derecognition: The carrying amount of an item of property, plant and equipment is derecognised when an asset is disposed of or when no future economic benefits or service potential are expected from its use. The value of the asset in the Balance Sheet and any receipt are written to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

The gain or loss on disposal is not a charge against Requisitions, as the cost of non current assets is fully provided for under separate arrangements for Capital Financing. The carrying amount of the non current asset disposal is transferred to the Capital Adjustment Account and the disposal proceeds transferred to the Capital Fund and reported in the Movement in Reserves Statement.

Depreciation: Depreciation is provided for on all items of property, plant and equipment with a finite useful life with the exception of land where it can be demonstrated that it has an unlimited useful life. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Depreciation is calculated using the straight-line method. In the year of acquisition, a full year's depreciation is provided for on all assets. In the year of disposal, no depreciation is charged.

Depreciation charged in the Comprehensive Income and Expenditure Statement is not a charge to the General Fund and is transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

Revaluation gains are also depreciated, with an amount equal to the difference between the current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Impairment: Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.
Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Requisitions and Contributions

Requisitions and contributions relating to capital and revenue expenditure are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition(s) (as opposed to restrictions) that the Board has not satisfied.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1 Accounting Policies (continued)

Financial Assets and Liabilities

The Board's Financial Assets are Loans and Receivables which have fixed or determinable payments but are not quoted in an active market.

Most of the Board's loans and receivables (debtors) are for less than 12 months or are charged at a market rate of interest and so are initially measured at fair value and are carried at amortised cost, which equates to the actual cash value at 31 March 2014.

Elements of financial assets that are receivable within 12 months of the Balance Sheet date are included in either short-term investments or cash and cash equivalents dependent upon whether or not the asset satisfies the conditions of a cash or cash equivalent asset.

The Board's Liabilities are shown as Creditors in the Balance Sheet and are for less than 12 months and so are initially measured at fair value and are carried at amortised cost, which equates to the actual cash value at 31 March 2014.

Cash and Cash Equivalents

The Board uses the Moray Council's bank account for financial transactions and the balance is invested in the Council's Loans Fund. This balance is repayable on demand and therefore treated as a cash equivalent and is included in the Balance Sheet at amortised cost, which equates to the actual cash value at 31 March 2014.

Employee Benefits

Benefits Payable During Employment: Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Board. As the leave year runs from 1 January to 31 December, an accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is calculated at the wage and salary rates applicable in the following accounting year, being the year in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services so that holiday benefits are charged to revenue in the financial year in which the holiday absence is earned, but Statutory Regulations issued by the Scottish Government allow the Board to reverse out this amount through the Movement in Reserves Statement so that it does not impact on the General Fund.

Termination Benefits: Termination benefits are amounts payable as a result of a decision by the Board to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the relevant service line (or discontinued operations) in the Comprehensive Income and Expenditure Statement at the earlier of when the Board can no longer withdraw the offer of those benefits or when the Board recognises costs for a restructuring.

Note 1 Accounting Policies (continued)

Employee Benefits (continued)

Termination Benefits (continued)

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Board to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits: The Board is a statutory body in the North East Scotland Pension Fund, a Local Government Pension Scheme administered by Aberdeen City Council, which provides employees with defined benefits related to pay and service.

Statutory provisions require the General Fund balance to be charged with the amount payable by the Board to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

The liabilities of the North East Scotland Pension Fund attributable to the Board are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates and employee turnover rates, etc. and projections of future earnings for current employees.

Liabilities are discounted to their fair value at current prices using a discount rate of 4.4% (based on long-term redemption yields available on AA rated corporate bonds of appropriate duration).

The assets of the North East Scotland Pension Fund attributable to the Board are included in the Balance Sheet at their fair value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1 Accounting Policies (continued)

Going Concern

The Pension Fund overall liability demonstrates the Board's commitment to pay retirement benefits in the long term. As a consequence there is a significant impact on the net worth of the Board as recorded on the Balance Sheet, which shows a net liability. Statutory arrangements for the funding of the deficit mean that the financial position of the Board remains assured. On the basis of this funding arrangement, the Board considers it appropriate that the Statement of Accounts should follow the going concern basis of accounting.

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

Corporate and Democratic Core – costs relating to the Board's status as a multi-functional, democratic organisation.

Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and past service gains.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

Value Added Tax

VAT is included in the Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable. The net amount due to or from HM Revenue and Customs in respect of VAT is included as part of debtors or creditors.

Exceptional Items and Prior Year Adjustments

Exceptional items are those which are separately identified by virtue of their size or incidence to allow a full understanding of the performance of the Board.

Prior year adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimate do not give rise to a prior year adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Board's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for prior years as if the new policy had always been applied.

Material errors discovered in prior year figures are corrected retrospectively by amending opening balances and comparative amounts for the prior year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1 Accounting Policies (continued)

Events after Balance Sheet Date

Events after the financial year are those events, both favourable and unfavourable that occur between the end of the financial year (the balance sheet date) and the date when the financial statements are authorised for issue.

There are two types of events:

a) those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the financial year) and
b) those that provide evidence of conditions that arose after the balance sheet date (non-adjusting events after the financial year).

The statement of accounts is adjusted to reflect adjusting events after the financial year and is not adjusted to reflect non-adjusting events after the financial year. Where a non-adjusting event would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

Leases

Operating lease payments are reflected under the relevant expenditure heading in the Comprehensive Income and Expenditure Statement, as the rentals become payable. The Board does not have any finance leases.

Reserves

The Board sets aside specific amounts as reserves for future policy purposes. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against requisitions for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Board – these reserves are explained in the relevant policies.

Usable Reserves

General Fund: The creation of a General Fund was agreed by the Board at its meeting on 28 January 2011. This was introduced to provide the Assessor with some flexibility to investigate any spend to save projects which would require one-off expenditure in order to deliver future budget savings. The reserve will also act as a contingency for any unexpected costs in future years. Transfers are restricted to 3% of revenue budget in any one year subject to the reserve having a cumulative balance not exceeding 5% of revenue budget.

Note 1 Accounting Policies (continued)

Reserves (continued)

Capital Fund: Under the terms of Schedule 3 to the Local Government (Scotland) Act 1975, the Board has established a Capital Fund and has paid into that fund the receipt in respect of the Board's share from the sale of Woodhill House. Interest earned on the Capital Fund balance is added to the accumulated balance each year.

Unusable Reserves

The **Capital Adjustment Account** was introduced on 1 April 2007 and reflects the difference between the cost of non current assets consumed and the capital financing set aside to pay for them.

The **Revaluation Reserve** was introduced on 1 April 2007 and reflects the difference between depreciated historical cost and carrying value of non current assets.

The **Pensions Reserve** was introduced on 1 April 2003 and reflects the future requirement to meet pension costs.

The **Employee Statutory Adjustment Account** was introduced on 1 April 2009 to reflect the cost of holiday entitlements and other leave earned by employees but not taken before the year-end which employees can carry forward into the next financial year, as explained more fully in the Accounting Policy on Employee Benefits on page 29.

Note 2 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2014/15 Code:

- IFRS 10 Consolidated Financial Statements (May 2011)
- IFRS 11 Joint Arrangements (May 2011)
- IFRS 12 Disclosure of Interests in Other Entities (May 2011)
- IFRS 13 Fair Value Measurement has been deferred until 2014/15
- IAS 27 Separate Financial Statements (as amended in May 2011)
- IAS 28 Investments in Associates and Joint ventures (as amended in May 2011)
- IAS 32 Financial Instruments: Presentation (as amended in December 2011)
- Annual Improvements to IFRS 2009-2011 Cycle

The Code requires implementation from 1 April 2014 and there is, therefore, no impact on the 2013/14 financial statements.

IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 relate specifically to group accounts and will not, therefore, have any impact on the financial statements of the Board. IAS 32 outlines disclosure requirements in respect of offsetting financial assets and liabilities. IFRS improvements are generally minor, principally providing clarification. IFRS 13, IAS 32 and IFRS improvements are not expected to have a significant impact on the financial statements.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Treasurer has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government and hence to funding for the Board. However, the Board has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Board might be impaired as a result of a need to close facilities and reduce levels of service provision.

Note 4 Assumptions Made About The Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains 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 2014 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ From Assumptions
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £0.472m.

Note 5 Material Items of Income and Expenditure

Where material items of income and expenditure are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the Code requires that the nature and amount of these items are disclosed in a note.

During 2013/14 there were no such items of income or expenditure regarded as material.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6 Events After The Balance Sheet Date

The unaudited Statement of Accounts was issued on 30 May 2014 and the audited Statement of Accounts was authorised for issue on 29 August 2014 by Margaret Wilson, Treasurer. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations

	Usable Reserves		**Unusable Reserves**
2012/13	General Fund Balance	Capital Fund Balance	
	£000 Restated	£000	£000 Restated
Adjustments involving the Capital Adjustments Account			
Reversal of items Debited or Credited to the Comprehensive Income and Expenditure Account:			
Depreciation and Impairment	36	-	(36)
Adjustments Primarily involving the Pensions Reserve			
Movement in Pensions Reserve	249	-	(249)
Adjustments Primarily involving the Employee Statutory Adjustment Account			
Decrease in Employee Statutory Adjustment Account	(2)	-	2
Total Adjustments	283	-	(283)

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2013/14	**Usable Reserves** General Fund Balance	**Usable Reserves** Capital Fund Balance	**Unusable Reserves**
	£000	£000	£000
Adjustments involving the Capital Adjustments Account			
Reversal of items Debited or Credited to the Comprehensive Income and Expenditure Account:			
Depreciation and Impairment	18	-	(18)
Adjustments Primarily involving the Pensions Reserve			
Movement in Pensions Reserve	342	-	(342)
Adjustments Primarily involving the Employee Statutory Adjustment Account			
Increase in Employee Statutory Adjustment Account	15	-	(15)
Total Adjustments	375	-	(375)

Note 8 Financing and Investment Income and Expenditure

	2012/13 **£000** Restated	**2013/14** **£000**
Pensions interest cost and expected return on pensions assets	241	239
Interest receivable and similar income	(2)	(2)
	239	237

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9 Property, Plant and Equipment

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Total Property, Plant and Equipment
	£000	£000	£000
Cost or valuation			
At 1 April 2012	675	210	885
At 31 March 2013	**675**	**210**	**885**
Accumulated Depreciation and Impairment			
At 1 April 2012	58	110	168
Depreciation charge	15	21	36
At 31 March 2013	**73**	**131**	**204**
Net Book Value			
At 31 March 2012	617	100	717
At 31 March 2013	602	79	681

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Total Property, Plant and Equipment
	£000	£000	£000
Cost or valuation			
At 1 April 2013	675	210	885
Revaluation increases recognised in the Revaluation Reserve	25	-	25
Revaluation increases recognised in the Provision of Services	(4)	-	(4)
At 31 March 2014	**696**	**210**	**906**
Accumulated Depreciation and Impairment			
At 1 April 2013	73	131	204
Depreciation written out to the Revaluation Reserve	(52)	-	(52)
Depreciation written out to the Provision of Services	(21)	-	(21)
Depreciation charge	14	21	35
At 31 March 2014	**14**	**152**	**166**
Net Book Value			
At 31 March 2013	602	79	681
At 31 March 2014	682	58	740

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9 Property, Plant and Equipment (continued)

Depreciation

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

Other Land & Buildings - 33-60 years, land is not depreciated
Vehicles, Plant, Furniture & Equipment - 10 years

Revaluations

The Board carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. The last revaluation of Land and Buildings was done with effect from on 1 April 2013 and the next revaluation is scheduled during 2018/19. All valuations were carried out by the Moray Council's Head of Estates in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, Plant, Furniture and Equipment are based on depreciated historic cost as a proxy for current fair values.

Capital Commitments

At 31 March 2014 the Board had no capital commitments for 2014/15 and future years. (£nil at 31 March 2013.)

Note 10 Long Term Debtors

	2012/13 £000	2013/14 £000
Car Loans	9	11

Note 11 Short Term Debtors

	2012/13 £000	2013/14 £000
Central Government bodies	28	165
Other Local Authorities	3	3
Other Entities and Individuals	36	45
	67	213

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 12 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents comprises:

	2012/13 £000	2013/14 £000
Temporary Investment in the Moray Council Loans Fund	536	547

Note 13 Short Term Creditors

	2012/13 £000	2013/14 £000
Central Government bodies	53	66
Other Local Authorities	263	380
Other Entities and Individuals	97	138
	413	584

Note 14 Financial Instruments

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. In the Board statement of accounts this equates to the invoiced amounts or cash value. These amounts are also the fair values of these assets.

The Board has no material exposure to any of the following financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Board.
- Liquidity risk – the possibility that the Board might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Board as a result of changes in such measures as interest rates and stock market movements.

:

Note 14 Financial Instruments (continued)

The Financial Instruments disclosed in the Balance Sheet are made up of the following categories:

	Long Term		Short Term	
	2013/13 £000	2013/14 £000	2013/13 £000	2013/14 £000
Debtors				
Loans & Receivables	9	11	6	6
Financial Assets carried at contract amounts	-	-	61	212
Total Debtors	**9**	**11**	**67**	**218**
Creditors				
Financial Liabilities carried at contract amounts			413	589
Cash and Cash Equivalents				
Cash Equivalent carried at contract amounts			536	547

Note 15 Usable Reserves

Movements in the Board's usable reserves are detailed in the Movement in Reserves Statement on page 20.

Note 16 Unusable Reserves

	2012/13 £000	2013/14 £000
Revaluation Reserve	162	235
Capital Adjustment Account	519	505
Pensions Reserve	(5,929)	(4,007)
Employee Statutory Adjustment Account	(66)	(81)
	(5,314)	(3,348)

Note 16 Unusable Reserves (continued)

Revaluation Reserve

The Revaluation Reserve contains gains made by the Board arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:-

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2012/13 £000	2013/14 £000
Balance at 1 April	165	162
Revaluations Upward revaluation of assets not posted to the Surplus or Deficit on the Provision of Services	-	77
Difference between fair value depreciation and historical cost depreciation written off to the Capital Adjustment Account	(3)	(4)
Balance at 31 March	162	235

Note 16 Unusable Reserves (continued)

Capital Adjustment Account

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

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, excluding those involving the Revaluation Reserve.

	2012/13 £000	2013/14 £000
Balance at 1 April	552	519
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation and impairment of non-current assets	(36)	(18)
Adjusting amounts written out of the Revaluation Reserve	3	4
Net written out amount of the cost of non-current assets consumed in the year	(33)	(14)
Balance 31 March	519	505

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 16 Unusable Reserves (continued)

Pensions Reserve

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

	2012/13 £000 Restated	**2013/14 £000**
Balance at 1 April	(5,137)	(5,929)
Remeasurements of the net defined benefit liability/asset	(543)	2,264
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(693)	(781)
Employer's pensions contributions and direct payments to pensioners payable in the year	444	439
Balance at 31 March	(5,929)	(4,007)

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 16 Unusable Reserves (continued)

Employee Statutory Adjustment Account

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

	2012/13 £000	2013/14 £000
Balance at 1 April	(68)	(66)
Settlement or cancellation of accrual made at the end of the preceding year	68	66
Amounts accrued at the end of the current year	(66)	(81)
Balance at 31 March	(66)	(81)

Note 17 External Audit Costs

The Board has incurred the following costs in relation to the audit of the Statement of Accounts.

	2012/13 £000	2013/14 £000
Fees payable in respect of external audit		
Services carried out by the appointed Auditor for the year	8	8
Total	8	8

Note 18 Cashflow – Analysis of Net (Surplus)/Deficit on the provision of services for non cash movements

	2012/13 £000 Restated	2013/14 £000
Depreciation/Impairment charges	(36)	(18)
Pension Liability	(249)	(342)
Increase in Debtors	52	148
Increase in Creditors	(11)	(171)
Total	(244)	(383)

NOTES TO THE FINANCIAL STATEMENTS (continued))

Note 19 Requisition and Grant Income

The Board credited the following requisitions to the Comprehensive Income and Expenditure Statement. The requisitions are based on population.

	2012/13 £000	2013/14 £000
Credited to Requisitions and Non Specific Grant Income:		
Requisition from Aberdeen City Council	1,512	1,540
Requisition from Aberdeenshire Council	1,722	1,755
Requisition from Moray Council	620	632
Total	3,854	3,927

	2012/13 £000	2013/14 £000
Returned to constituent authorities:		
Aberdeen City Council	78	121
Aberdeenshire Council	88	138
Moray Council	32	50
Total	198	309

Note 20 Related Parties

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

Constituent Authorities

The constituent authorities have the potential to control or influence the Board as they provide the majority of the Board's funding. Details are shown in Note 19. The Board also made payments to the constituent authorities in the normal course of business. The amounts are detailed below:

	2012/13 £000	2013/14 £000
Aberdeen City Council	3	4
Aberdeenshire Council	304	318
Moray Council	51	52

The amounts owed to the constituent authorities for requisitions and normal business activities at 31 March were:

Aberdeen City Council	78	123
Aberdeenshire Council	153	158
Moray Council	32	50

Members

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

Note 21 Leases

Board as Lessee

Operating Leases

The Board leases photocopiers and pays Aberdeenshire Council for the rental of their offices within Woodhill House under the terms of operating leases. The amount paid under these terms in 2013/14 was £0.114m (£0.114m in 2012/13).

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

	2012/13 £000	2013/14 £000
Not later than one year	114	114
Later than one year and not later than five years	339	226
	453	340

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 22 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by Service Reporting Code of Practice. However, decisions about detailed resource allocation, within the overall budget agreed by the Board, are taken by the Assessor and reported to the Board in budget monitoring reports. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement).
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than the current service cost of benefits accrued in the year.
- expenditure classification differs from the Service Reporting Code of Practice.

The Board's income and expenditure recorded in the outturn report for the year is as follows:

Income and Expenditure

	2012/13 **£000** Rating, Council Tax Valuation and Electoral Registration	**2013/14** **£000** Rating, Council Tax Valuation and Electoral Registration
Sales and Other Income	(9)	(18)
Interest on Revenue Balances	(1)	(2)
Other grants, reimbursements and contributions	(26)	(196)
Total Income	**(36)**	**(216)**
Employee Costs	2,861	2,845
Property Costs	297	308
Transport Costs	70	73
Supplies and Services	415	551
Support Services	52	54
Total operating expenses	**3,695**	**3,831**
Net Expenditure	**3,659**	**3,615**

Note 22 Amounts Reported for Resource Allocation Decisions (continued)

Reconciliation of Outturn Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of the Outturn Income and Expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2012/13 £000	**2013/14 £000**
Net Expenditure reported to the Board	3,659	3,615
Add Amounts in the Comprehensive Income and Expenditure not included in reports to the Board	42	136
Add Amounts reported to Management but not reported in Net Cost of Services	1	2
Net Cost of Services in Comprehensive Income and Expenditure Statement	3,702	3,753

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 22 Amounts Reported for Resource Allocation Decisions (continued)

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of the Outturn Income and Expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

Subjective Analysis 2012/13

Restated	Board Analysis	Amounts not reported to the Board	Amounts not included in Net Cost of Services	Net Cost of Services	Corporate Amount	**Total**
Sales and Other Income	(8)	-	-	(8)	-	**(8)**
Interest and investment income	(1)	-	1	-	(2)	**(2)**
Government grants and contributions	(27)	-	-	(27)	(3,656)	**(3,683)**
Total Income	**(36)**	**-**	**1**	**(35)**	**(3,658)**	**(3,693)**
Employee Costs	2,861	-	-	2,861	-	**2,861**
Property Costs	297	-	-	297	-	**297**
Transport Costs	70	-	-	70	-	**70**
Supplies and Services	415	-	-	415	-	**415**
Support Services	52	-	-	52	-	**52**
Depreciation, Amortisation and Impairment	-	36	-	36	-	**36**
IAS 19 Net Charges for Retirement Benefits	-	8	-	8	-	**8**
IAS 19 Holiday Pay Accrual	-	(2)	-	(2)	-	**(2)**
Pension Interest Cost and Expected Return on Pension Assets	-	-	-	-	241	**241**
Total Expenditure	**3,695**	**42**	**-**	**3,737**	**241**	**3,978**
Net Cost of Services	**3,659**	**42**	**1**	**3,702**	**(3,417)**	**285**
<u>(Surplus) or Deficit on the Provision of Services</u>						**285**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 22 Amounts Reported for Resource Allocation Decisions (continued)

Reconciliation to Subjective Analysis

Subjective Analysis 2013/14

	Board Analysis	Amounts not reported to the Board	Amounts not included in Net Cost of Services	Net Cost of Services	Corporate Amount	**Total**
Sales and Other Income	(18)	-	-	(18)	-	**(18)**
Interest and investment income	(2)	-	2	-	(2)	**(2)**
Government grants and contributions	(196)	-	-	(196)	(3,618)	**(3,814)**
Total Income	**(216)**	**-**	**2**	**(214)**	**(3,620)**	**(3,834)**
Employee Costs	2,845	-	-	2,845	-	**2,845**
Property Costs	308	-	-	308	-	**308**
Transport Costs	73	-	-	73	-	**73**
Supplies and Services	551	-	-	551	-	**551**
Support Services	54	-	-	54	-	**54**
Depreciation, Amortisation and Impairment	-	18	-	18	-	**18**
IAS 19 Net Charges for Retirement Benefits	-	103	-	103	-	**103**
IAS 19 Holiday Pay Accrual	-	15	-	15	-	**15**
Pension Interest Cost and Expected Return on Pension Assets	-	-	-	-	239	**239**
Total Expenditure	**3,831**	**136**	**-**	**3,967**	**239**	**4,206**
Net Cost of Services	**3,615**	**136**	**2**	**3,753**	**(3,381)**	**372**
(Surplus) or Deficit on the Provision of Services						**372**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 23 Defined Benefit Pension Scheme

Participation in Pension Scheme

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

The Board participates in the North East Scotland Pension Fund, a Local Government Pension Scheme, which is administered by Aberdeen City Council. The Scheme is a funded defined benefit scheme, based on final pensionable salary, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets over a year of time.

The North East Scotland Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Panel. The Panel is comprised of elected members of Aberdeen City Council. Policy is determined in accordance with the Pensions Fund Regulations. There is a Joint Investment Advisory Committee (JIAC) with responsibility for monitoring the investment management of the Pension Fund and making recommendations to the Pensions panel on appointments, retention and termination of investment management contracts. The JIAC consists of 14 members, 4 elected members from Aberdeen City Council (members of the Pensions Panel), 4 elected members from Aberdeenshire Council, 2 elected members from Moray Council, 1 member representing the Colleges and Admitted Bodies, 1 member representing Scottish Water and 2 Trade Union representatives.

The principal risks to the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute as described in the accounting policy note.

Transactions relating to Post-employment Benefits

In relation to the North East Scotland Pension Fund, the Board recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against requisitions is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 23 Defined Benefit Pension Scheme (continued)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	**2012/13 Restated £000**	**2013/14 £000**
Cost of Services:		
Current Service Cost and administration expenses	452	542
Financing and Investment Income and Expenditure:		
Net Interest Expense	241	239
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	693	781
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement.		
Remeasurement of the Net Defined Benefit Liability comprising:		
Expected return on pension fund assets	(2,161)	(1,296)
Actuarial (gain)/loss on financial assumptions	2,704	(968)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement.	1,236	(1,483)
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	(792)	1,922
Actual amount charged against requisitions for pensions in the year	444	439

Note 23 Defined Benefit Pension Scheme (continued)

Pensions Assets and Liabilities Recognised in the Balance Sheet

The change in the net pensions liability is analysed into the following components:

Current Service Cost: The increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

Past Service Cost: The increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

Net Interest on the Net Defined Benefit Liability: The change during the year in the net defined benefit liability that arises from the passage of time – charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. It is the difference between the interest (increase) in the value of the liabilities as the benefits are one year closer to being paid and the interest on pension assets based on assets held at the start of the year. The calculation is based on the discount rate in force at the beginning of the year.

Remeasurements: This comprises the Return on Plan Assets (excluding amounts included in the Net Interest on the Net Defined Benefit Liability) and Actuarial Gains and Losses which are changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions Paid to the Pension Fund: Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

	31 March 2013	**31 March 2014**
	£000	**£000**
Present value of the defined benefit obligation	(27,276)	(27,488)
Fair value of plan assets	21,347	23,481
Net liability arising from defined benefit obligation	**(5,929)**	**(4,007)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 23 Defined Benefit Pension Scheme (continued)

The reconciliation of the Board's share of the present value of the North East Scotland Pension Fund's defined benefit liability is as follows:

	31 March 2013 £000	31 March 2014 £000
1 April	(23,454)	(27,276)
Current Service Cost	(443)	(533)
Interest on pension liabilities	(1,138)	(1,135)
Remeasurements:		
Gain/(Loss) on financial assumptions	(2,704)	968
Contributions by scheme participants	(152)	(150)
Benefits Paid	615	638
31 March	**(27,276)**	**(27,488)**

The reconciliation of the movements in the Board's share of the fair value of the North East Pension Fund's assets is as follows:

	31 March 2013 £000	31 March 2014 £000
1 April	18,317	21,347
Interest on plan assets	897	896
Remeasurements (assets)	2,161	1,296
Administration expenses	(9)	(9)
Employer Contributions	444	439
Contributions by scheme participants	152	150
Benefits Paid	(615)	(638)
31 March	**21,347**	**23,481**

The Board's share of the Pension Fund's assets is:

			31 March 2013
	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Totals £000
U.K. Equities	8,552	36	8,588
Overseas Equities	8,391	9	8,400
U.K Government Bonds	401	-	401
Other Government Bonds	1,027	-	1,027
Other U.K. Bonds	258	-	258
Other non U.K. Bonds	363	-	363
Property	-	1,228	1,228
Private Equity	-	740	740
Global Infrastructure	-	13	13
Cash Instruments	-	329	329
Total Assets	**18,992**	**2,355**	**21,347**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 23 Defined Benefit Pension Scheme (continued)

			31 March 2014
	Quoted Prices in Active Markets £000	**Prices not Quoted in Active Markets £000**	**Totals £000**
U.K. Equities	9,152	33	9,185
Overseas Equities	9,477	5	9,482
U.K Government Bonds	479	-	479
Other Government Bonds	986	-	986
Other U.K. Bonds	131	-	131
Other non U.K. Bonds	385	-	385
Property	-	1,398	1,398
Private Equity	-	846	846
Global Infrastructure	-	16	16
Cash Instruments	-	573	573
Total Assets	**20,610**	**2,871**	**23,481**

Basis for Estimating Assets and Liabilities

The most recent valuation was carried out as at 31 March 2011 and has been updated by Mercer Limited, independent actuaries to the North East Scotland Pension Fund, in order to assess the liabilities of the Fund as at 31 March 2014. Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The principal assumptions used by the actuary have been:

	31 March 2013	**31 March 2014**
Financial assumptions:		
Discount rate	4.2%	4.4%
Rate of increase in salaries	4.15%	4.15%
Rate of increase in pensions	2.4%	2.4%
Rate of CPI inflation	2.4%	2.4%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.4	22.5
Women	25.4	25.5
Longevity at 65 for future pensioners:		
Men	24.7	24.8
Women	27.8	27.9
Commutation of Pension for Lump Sum at Retirement	50% take maximum cash	50% take maximum cash
	50% take 3/80ths cash	50% take 3/80ths cash

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 23 Defined Benefit Pension Scheme (continued)

Basis for Estimating Assets and Liabilities (continued)

Assumptions for the expected rate of return on assets in the Fund have been:

	31 March 2013	31 March 2014
Equities	7.0%	7.0%
Government Bonds	2.8%	3.4%
Other Bonds	3.9%	4.3%
Property	5.7%	6.2%
Cash / current assets	0.5%	0.5%
Other	7.0%	Dependent on type of asset

Asset and Liability Matching (ALM) Strategy

The Pension's Panel long-term funding objective is to achieve and maintain assets equal to 100% of projected accrued liabilities, assessed on an ongoing basis. The current actuarial valuation of the Fund is effective as at 31 March 2011 and the results indicate that overall the assets represented 88% of projected accrued liabilities at the valuation date. Investments that would most closely match the pension liabilities would be gilts, predominantly index-linked, reflecting the nature of the Fund's liabilities. However, the Fund invests in other assets, in the expectation that these will provide higher returns albeit without any guarantee that higher returns will be achieved over any particular year. The benefit of higher investment return is that, over the long term, a higher level of funding should achieve lower employer contribution rates. However the additional investment returns from growth assets come with a price: greater volatility relative to the liabilities thus introducing risk. There is a trade-off between the benefits of additional investment return from greater exposure to growth assets and the greater predictability from having greater exposure to liability matching assets. The Pensions Panel and the Joint Investment Advisory Committee have considered this trade-off and defined a strategic benchmark to achieve the long term investment returns required to achieve the Fund objective: equities 70% (range +/- 5%), property 10% (range +/- 2%), bonds 8% (range +/- 2%) alternative assets (including private equity). 12%. There is no strategic allocation to cash. The asset proportions of the Fund at 31 March 2014, with March 2013 in brackets were: equities, including alternatives 83.2% (83.1%), bonds 8.4% (9.6%), property 6.0% (5.8%) and cash 2.4% (1.5%).

Note 23 Defined Benefit Pension Scheme (continued)

Impact on the Board's Cash Flows

The Fund aims to keep employers' contribution at as constant a rate as possible. The Pensions Panel has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over an average deficit recovery year of 16 years, with a maximum recovery year of 22 years. Funding levels are monitored on an annual basis. The next triennial valuation is as at 31 March 2014 and will be completed during 2014/15.

The Fund will need to take account of the national changes to the Local Government Pension Scheme in Scotland such as the move from 1 April 2015 to a new career average revalued earnings scheme (CARE) for future accruals.

The total contribution that the Board expects to pay to North East Scotland Pension Fund in the year to 31 March 2015 is £0.439 million.

The weighted average duration of the defined benefit obligation for scheme members at the 31 March 2011 valuation is 15 years.

Change in Accounting Policy IAS19R

On 1 April 2013, the Board implemented a change in accounting policy relating to the June 2011 amendments to the accounting standard IAS19 Employee Benefits. The key change relates to the expected return on assets. In order to permit a meaningful comparison between financial years, some figures in the previous year's audited financial statements have been amended.

There has been a redistribution of costs within the Comprehensive Income and Expenditure Statement. The pensions interest cost within the Surplus or Deficit on the Provision of Services has increased with a corresponding reduction in the Remeasurement of the Net Defined Benefit Liability, (actuarial (gains) or losses on pension assets and liabilities) in Other Comprehensive Income and Expenditure. Essentially, the expected return on scheme assets that was credited to the Surplus or Deficit on the Provision of Services has been replaced with an equivalent figure using the discount rate.

The effects of the restatement on the financial statements are as follows. Only those lines that have changed are shown.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 23 Defined Benefit Pension Scheme (continued)

Change in Accounting Policy IAS19R (continued)

Effect on Comprehensive Income and Expenditure Statement

	As Previously Stated 2012/13 £000	**As Restated 2012/13 £000**	**Amendment 2012/13 £000**
Rating and Council Tax Valuation and Electoral Registration	3,702	3,722	20
Cost of Services	**3,717**	**3,737**	**20**
Financing and Investment Income and Expenditure	33	241	208
(Surplus)/Deficit on Provision of Services	**57**	**285**	**228**
Remeasurement of Net Defined Benefit Liability	771	543	(228)
Other Comprehensive Income and Expenditure	**771**	**543**	**(228)**

Movement in Reserves Statement – Usable Reserves

General Fund Balance	**As Previously Stated 2012/13 £000**	**As Restated 2012/13 £000**	**Amendment 2012/13 £000**
Surplus/(Deficit) on Provision of Services	**(57)**	**(285)**	**(228)**
Total Comprehensive Income and Expenditure	**(57)**	**(285)**	**(228)**
Adjustments between accounting basis and funding basis under regulations	55	283	228

Movement in Reserves Statement – Unusable Reserves

General Fund Balance	**As Previously Stated 2012/13 £000**	**As Restated 2012/13 £000**	**Amendment 2012/13 £000**
Other Comprehensive Income and Expenditure	**(771)**	**(543)**	**228**
Total Comprehensive Income and Expenditure	**(771)**	**(543)**	**228**
Adjustments between accounting basis and funding basis under regulations	(55)	(283)	(228)

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Grampian Valuation Joint Board and the Accounts Commission for Scotland

We certify that we have audited the financial statements of Grampian Valuation Joint Board for the year ended 31 March 2014 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash-Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the 2013/14 Code).

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Responsible Financial Officer and auditor

As explained more fully in the Statement of Responsibilities, the Responsible Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Responsible Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2013/14 Code of the state of the affairs of the body as at 31 March 2014 and of the income and expenditure of the body for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2013/14 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985; and
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Statement on the System of Internal Financial Control does not comply with the 2013/14 Code there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Lindsey Paterson, for and on behalf of PricewaterhouseCoopers LLP

141 Bothwell Street

Glasgow

G2 7EQ

Date: 29 August 2014

REPORT TO: GRAMPIAN VALUATION JOINT BOARD ON 31 OCTOBER 2014

SUBJECT: REVENUE BUDGET MONITORING STATEMENT FOR THE PERIOD 1 APRIL TO 30 SEPTEMBER 2014

BY: TREASURER TO THE BOARD

1. REASON FOR REPORT

1.1 To consider, the Revenue Budget Monitoring Statement for the Period 1 April to 30 September 2014.

1.2 To consider the Estimated Outturn position for the year 2014/15.

2. RECOMMENDATIONS

2.1 It is recommended that the Board:

(i) Notes the Revenue Monitoring Statement for the period 1 April to 30 September 2014 and the Estimated Actual forecast for the financial year 2014/15.

3. CURRENT POSITION

3.1 At its meeting on 24 January 2014, the Board agreed the Revenue Budget for 2014/15 and approved that the requisitions to constituent authorities should be set at £3,964,000 (paragraph 6 of the minute refers).

3.2 The **APPENDIX** shows the monitoring position to 30 September 2014. It gives details of the 2014/15 Revenue Budget, the Actual to date and the Variance to date. It also shows the Estimated Outturn and the Estimated Actual Variance for the year.

3.3 Total net expenditure to 30 September 2014 is £1,560,000 which results in an underspend against budget to date of £296,000.

3.4 The majority of the underspend relates to the Individual Electoral Registration (IER) funding that was received this year from the Cabinet Office. The amount awarded to the Board was previously reported at £261,719, however has since been revised and an increased amount of £275,674 has been received.

3.5 The Cabinet Office funding made available to the Board for the implementation of IER is on the understanding that the funding is used only for the costs of the additional responsibilities imposed by the Electoral Registration and Administration Act over and above those arising from the Representation of the People Act 1983 (as amended) 2014/15. The proposed budget for utilisation of this funding is included in a later paper at this meeting for the Board's consideration.

3.6 There are other underspends to date, including in employee costs, currently at £61,000 which is expected to rise to £117,000 by the end of the financial year. The variance in staffing is due to vacancies within the service and staff not at the top of the scale. There were additional work pressures on staff in the lead up to the Referendum and this was managed through overtime and additional hours, funded by vacant posts. There are more details on the impact of staffing resources during the build up to the Referendum in another paper at this meeting. Underspends in staffing impact on other costs, including training and travel and subsistence.

3.7 Property costs show an underspend to date. Accommodation charges include rental and service charges for Woodhill House and the shared accommodation charge for the Elgin Office and car park. The underspend is in respect of the charges for Woodhill House. The rent negotiations continue and as the service charge is often subject to a year end adjustment charge, the budget is expected to be fully spent by year end. The Repairs and Maintenance, Energy Costs and Cleaning budgets are for the Banff office and expenditure to date is currently within budget.

3.8 Printing & Stationery and Postages expenditure are currently over budget to date by £14,000 and £19,000 respectively. Expenditure has been incurred this year for maximising voter registration in the Referendum, for which income was received last year. There was £87,000 of costs incurred with the European Parliament elections in May 2014 and has been recharged to two local authorities concerned. The £87,000 recharge income is shown under Sales and Other income. The annual budget has been adjusted to reflect these items.

3.9 IT Maintenance and Support is overspent by £55,000 to date. This is partly due to phasing of spend within the IT programme, and also expenditure incurred as part of the IER process. Scanners and software have been purchased and £13,000 has been received to cover the cost; this is shown under income. It should be noted that IT expenditure is expected to be high over the next few months as the IER work progresses and all costs are fully recoverable from the Cabinet Office, over and above the funding already received. At this stage the projected variance shown as £111,000 all relates to IER and so will be fully recharged.

3.10 Valuation Appeal costs are underspent to date. These costs are very difficult to predict and at this stage the outturn, which covers appeals expenses and appeals panel costs, is estimated to come in on budget.

3.11 Income is greater than anticipated to date due to the £276,000 grant income received for IER and the £13,000 for the purchase of the scanner. The income budget has been adjusted to reflect the recharges to local authorities for work carried out by the Assessor for the European Parliament elections.

4. ESTIMATED OUTTURN 2014/15

4.1 The revenue budget is currently estimated to underspend by the year end. The amounts and main reasons for the variances between the budget and the estimated outturn are shown below. The recent workload pressures of the Assessor and all his senior managers in undertaking Referendum work and the transition to IER, has meant that the Senior Management Team has not had the opportunity to give detailed consideration to the expected outturn. The figures in this report are indicative only and will be subject to further scrutiny over the next few months.

	£'000	£'000
Employee Costs	**Under/ (Overspend)**	**Under/ (Overspend)**
Salary and related on-cost costs savings because of vacancies and staff below top of scale throughout the year.	117	**117**
Property Costs		
Minor underspends – Repairs and maintenance	3	**3**
Transport Costs		
Staff travel overspend – largely offset by income recoveries	4	**4**
Supplies & Services		
Equipment, Furniture & Materials Printing & Stationery (partially offset by income recharged) Postages (partially offset by income recharged) IT Hardware and Consultancy overspend – principally relating to IER (offset by income recoveries)	10 (43) (110) (111)	**(254)**
Income		
Sales and Other Income Grants and Income recoveries in respect of costs relating to the introduction of IER.	(5) 387	**382**
Total Projected Underspend		**252**

4.2 The transition to IER requires additional resources from across the Service, including staffing, both clerical and canvassers, and printing and postages costs. A substantial investment in IT hardware and software is also necessary as the ability to register online for the first time becomes an option.

4.3 A significant element of the expenditure incurred by the transition to IER will be recovered by recharges of costs which will be reflected on the income line.

4.4 An overall underspend of £252,000 is estimated for 2014/15. This includes the grant funding and anticipated associated expenditure for IER.

5. CAPITAL FUND

5.1 The balance at 01 April 2014 was £72,000 and it is planned to retain this balance to meet future minor capital spend on accommodation requirements. No capital Expenditure has been incurred to date in 2014/15.

6 CONCLUSION

6.1 The Board's current financial position is an underspend of £296,000. The estimated outturn position is an underspend of £252,000 by year end.

6.2 The Assessor and his Senior Management Team closely monitor and control budgets to keep within agreed levels of expenditure, to generate savings where possible and to ensure that all relevant costs are recovered from third parties timeously.

Author of Report : Deborah Brands
Ref

Signature:

Date: 23 October 2014

Designation: Treasurer Name: Margaret Wilson

APPENDIX

GRAMPIAN VALUATION JOINT BOARD REVENUE MONITORING STATEMENT FOR PERIOD 1 APRIL TO 30 SEPTEMBER 2014

Line No.		2014-15 Total Budget	2014-15 Budget to Date	Actual 30 September 2014	Variance 30 September 2014	2014-15 Estimated Outturn	2014-15 Variance
		£'000	£'000	£'000	£'000	£'000	£'000
	Employee Costs						
1	Salaries	2,341	1,170	1,133	37	2,266	75
2	National Insurance	189	94	87	7	176	13
3	Superannuation	446	223	209	14	417	29
4	Additional Pensions	21	11	11	-	22	(1)
5	Other Employee Costs	2	1	-	1	1	1
6	Electoral Registration	40	-	-	-	40	-
7	Training	14	7	5	2	14	-
	Total Employee Costs	**3,053**	**1,506**	**1,445**	**61**	**2,936**	**117**
	Property Costs						
8	Accommodation Charges	321	159	149	10	321	-
9	Repairs and Maintenance	5	2	1	1	2	3
10	Energy Costs	7	3	2	1	7	-
11	Cleaning	4	2	-	2	4	-
	Total Property Costs	**337**	**166**	**152**	**14**	**334**	**3**
	Transport Costs						
12	Staff Travel and Subsistence	73	37	35	2	69	4
	Total Transport Costs	**73**	**37**	**35**	**2**	**69**	**4**
	Supplies & Services						
13	Equipment, Furniture & Materials	17	8	4	4	7	10
14	Protective Clothing	1	-	-	-	1	-
15	Text & Reference Books	8	4	7	(3)	8	-
16	Printing & Stationery	32	20	34	(14)	75	(43)
17	Postages	242	97	116	(19)	352	(110)
18	Telephones	5	3	1	2	5	-
19	Advertising	5	2	3	(1)	5	-
20	IT Maintenance & Support	129	65	120	(55)	240	(111)
21	Expenses	27	-	2	(2)	27	-
22	Valuation Appeals	56	28	6	22	56	-
23	Fees, Charges & Subs	5	2	-	2	5	-
24	Specialist Services	16	8	11	(3)	16	-
25	Other Supplies & Services	2	1	1	-	2	-
	Total Supplies & Services	**545**	**238**	**305**	**(67)**	**799**	**(254)**
	Support Services						
26	Lead Authority Charge	53	-	-	-	53	-
	Total Support Services	**53**	**-**	**-**	**-**	**53**	**-**
	Gross Expenditure	**4,061**	1,947	1,937	10	**4,191**	**(130)**
	Income						
27	Sales and Other Income	(95)	**(91)**	**(88)**	(3)	(90)	(5)
	Grants & Recharges relating to						
28	Individual Electoral Registration	-	**-**	**(289)**	289	(387)	387
29	Interest on Revenue balances	(2)	**-**	-	-	(2)	-
	Total Income	**(97)**	**(91)**	**(377)**	**286**	**(479)**	**382**
30	**Net Expenditure**	**3,964**	**1,856**	**1,560**	**296**	3,712	252
31	**Requisitions**	**(3,964)**	**(1,984)**	**(1,984)**	-	(3,964)	-
32	**(Surplus)/Deficit for Year**	**-**	**(128)**	**(424)**	**296**	**(252)**	**252**

REPORT TO: **Grampian Valuation Joint Board on 31 October 2014**

SUBJECT: **Register of Electors**

BY: **The Assessor & ERO**

1. Reason for Report

1.1 To update the Board on operational matters related to the Scottish Independence Referendum.

1.2 To update the Board on activities and developments in the electoral registration service and the transition to individual electoral registration (IER).

1.3 Report to the Board on the 2014/15 budget for IER transition.

2. Recommendation

2.1 **To note the electoral registration activities and developments in relation to the referendum and transition to IER.**

2.2 **Approve the proposed budget allocation and recruitment of temporary canvassers**

3.0 Scottish Independence Referendum

3.1 The Referendum presented the service with a major challenge due to the extremely high level of voter engagement. The service responded effectively with resource allocation across the entire organisation re-distributed in order to respond to the unprecedented volume of contacts from the electorate. The build up to the referendum commenced immediately following the write out to the 1,335 electors who had had their postal vote rejected in the European Partliamentary elections in June. Overtime working commenced in August and as enquiry volumes increased the service responded by increasing the allocation of personnel to electoral enquirires to the extent that by 28 August, 100% of technical, valuation and support personnel had been re-assigned to electoral enquiries duties. During the first three days of September, the organisation received more than 33% of its normal annual enquiries volume. The strict statutory timetable for dealing with enquiries allowed no leeway and all enquiries were handled within the deadlines for registration and absent vote applications prior to the referendum.

3.2 During August 1,059 additional hours were worked by staff, a further 1,244 additional hours were worked in September. The extraordinary cost of this additional time amounts to £40,000. Two temporary staff were also employed at a cost of £3,500 and in addition to the above monthly totals, the senior management team worked 382 additional hours on the referendum. The financial memorandum that accompanied the Scottish Independence Referendum Bill states that the Scottish Government will bear the costs of the referendum and I am currently in dialogue with the Scottish Government on behalf of all Scottish EROs in order to secure reimbursement of these extraordinary costs.

3.3 As at 18 September, the electorate for the Grampian area was 445,507 aged 18 or over with a further 11,894 under 18s registered to vote in the referendum. A total of 102,480 electors had chosen to vote by post and 5,438 had appointed proxies. A further 864 electors were granted emergency proxy appointments between 5pm 3 September and 5pm 18 September.

3.4 The referendum highlighted a number of issues with the registration and absent vote regimes. These include a lack of consistency in deadlines, with the registration deadline at midnight on 2 September, the postal and proxy voting application deadline of 5pm 3 September, the emergency proxy attestation deadline of midnight on 10 September and the emerency proxy application deadline of 5pm 18 September. Significant problems were encounted with the emergency proxy application form that was only released by the Electoral Commission on 29 August and then revised immediately ahead of the 5pm 3 September implementation deadline. Other aspects of the regime that presented challenges were the facility for electors to cancel or amend absent voting preferences and the early issue of poll cards that were issued in mid August and based on the register as updated on 1 August which had an application deadline of 10 July.

4.0 Activities and developments – Transition to Individual Electoral Registration

4.1 On 19 September 2014 Individual Electoral Registration (IER) commenced in Scotland. The organisation has secured the Public Service Network accreditation necessary for connecting to the government digital service. A summary of the key changes to registration is provided in the appendix to this report.

4.2 The first major task in the transition process is to compare the current register with records held by the Department of Work and Pensions. This matching commenced on 22 September with an overall match rate of 76% across Grampian. Mandatory ministerial guidance also allows EROs to carry out local data matching. This is currently underway and has increased the match rate to 88%. Once local data matching has been completed every elector will receive a letter, either advising that their registration has been confirmed or that they need to provide additional information.

4.3 The letters and forms are largely prescribed by means of mandatory ministerial guidance and are scheduled to be issued at the end of October. The current estimated distribution is 395,000 confirmation letters, 55,000 additional information forms, that are officially known as invitations to register, and 54,000 house enquiry forms where up to date occupancy information is required. Experience of other EROs is that these letters will give rise to extremely high volumes of enquiries and relatively low return rates where information must be provided by the elector or householder. The law requires EROs to follow up each request for information with two reminders and a house call if a return is not made. The projected volume of letters to be issued during this transition canvass is 675,000, with an estimated 53,000 visits to properties required.

5.0 IER Budget

5.1 The UK Government has undertaken to fund the additional costs incurred in the transition to IER. The funding allocation for 2014/15 is £275,674. As reported in June, The Moray Council Corporate Service team assisted in the procurement process to secure appropriate printing and dispatch services that met with the Board's financial regulations and EU tendering requirements. The team advised that a procurement framework agreement could provide a supplier that would meet regulatory requirements and with their assistance, via the North East Procurement Organisation, Adare have been identified as a suitable supplier.

5.2 The current IER budget, excluding IT infrastructure that is re-charged direct to the Cabinet Office, is set out below.

House enquiry forms issue and return	£65,000
Invitations to register issue and return	£87,000
Confirmation letter issue and opt out automated service returns	£187,000
	£339,000
Deduct the budget for a normal canvass issue and returns	- £189,000
Additional cost for IER Transition canvass	£150,000

Against additional funding of £275,674 for 2014/15, there is a balance available of £125,000 that will be necessary for the appointment of up to 6 full time canvassers on a 12 month fixed duration contract.

The Cabinet Office have not provided detail of the proposed funding for 2015/16 however, the canvass scheduled for the autumn of 2015 will be a full canvass and not involve a data matching exercise.

6.0 Conclusion

6.1 The success of the referendum in terms of voter engagement placed extraordinary demands that the service met through the dedication and professionalism of the staff involved. Reimbursement of the additional expenditure incurred in meeting this demand is being sought from the Scottish Government. The immediate transition to IER is presenting a significant challenge to the service.

6.2 The Board is invited to note the appointment of the printing suppliers via an approved procurement framework agreement, approve the IER budget allocation and give the Assesssor and ERO authority to proceed to recruit up to 6 full time canvassers on a 12 month fixed duration contract.

Author of Report: Ian H Milton

Signature: ______________________ Date: 16 October 2014

Designation: Assessor & ERO Name: Ian H Milton

APPENDIX

IER - Summary of key changes

All forms and stationery required under IER have been designed by the Electoral Commission. The content of many of the forms are letters is prescribed and EROs are not permitted to vary content apart from the addition of local contact details.

In 2014/2015, EROs will be required to issue:

- Confirmation letters to electors whose details have been matched with records held by the DWP, or otherwise verified by the ERO as a result of local data matching;
- An Invitation to Register (ITR) to each elector who has not been matched;
- A House Enquiry Form (HEF) to each property:
    - o Where the revised register published on 10 March 2014 shows:
        - no electors were registered; or
        - electors registered were carried forward from the 2012 register;
    - o Where potential electors may be resident;
- An ITR to each individual identified as a potential elector on returned HEFs.

EROs will be required as part of the IER transition process to personally canvass both households that fail to respond to HEFs and individuals who fail to respond to an ITR.

Failure to respond to a HEF may on summary conviction lead to a fine of up to £1,000 (under the same offence that applies to the current annual canvass).

Failure to respond to an ITR may lead an ERO to require a potential elector to apply for registration, with continued failure to do so leading to the issuing of a civil penalty notice if the ERO so chooses.

The revised register published on 27 February 2015 (which will form the basis of that used for the general election on 7 May 2015) will include the details of electors who have not been matched or verified throughout the transitional canvass. However, all absent voters and any appointed proxies who have not been confirmed under the IER provisions will have their existing arrangements cancelled, and any absent voting applications made by electors who have not been confirmed will be refused.

The revised register published by 1 December 2015 will only include electors whose entries have been confirmed.

REPORT TO: **Grampian Valuation Joint Board on 31 October 2014**

SUBJECT: **Valuation Roll & Council Tax Valuation List**

BY: **The Assessor & ERO**

1. Reason for Report

1.1 To advise the Board of performance levels achieved during the period 1 April 2014 to 30 September 2014.

2. Recommendation

2.1 **It is recommended that the Board note the performance information.**

3. Background

3.1 The Board's Code of Corporate Governance sets out a framework of performance measurement and evaluation. This framework identifies a number of quantitative service related performance indicators.

3.2 The performance thresholds have been set for the performance indicators that have been agreed between the Scottish Government and the Scottish Assessors Association. The Board reviewed the valuation roll performance thresholds in 2013 and the council tax valuation list performance thresholds in 2012.

4. Current Position

4.1 Valuation Roll

4.1.1 Appendix 1 provides performance for the first 5 months of 2014/15 and the previous two whole years. The performance threshold of 77% of amendments to the valuation roll being implemented within three months was set in last year and has proved to be difficult to achieve. To compare like with like the Board were advised that during the same five months in 2013/14 83.0% of the 948 amendments to the valuation roll were made within the 0-3 month performance window. The corresponding figures for 2014/15 are 85.3% of 969 amendments were made within the 0-3 month performance window.

4.2 Council Tax Valuation List

4.2.1 Appendix 2 provides the position for the first 5 months of 2014/15 and the previous two whole years. The performance threshold is for 92% of new entries to be made in the valuation list within 3 months of effective date of the addition to the list. This threshold was agreed by the Board on 22 June 2012. A comparison with the same five months in 2013/14 shows that number of new entries added to the valuation list has increased from 1,273 in 2013/14 to 1,362 in 2014/15 and against this increase in volume, the service made 95.1% of additions within the 3 months performance window in 2013/14 compared to 94.9% during the current year.

5. Conclusion

5.1 The valuation service is managing to largely maintain performance in terms of updating the valuation roll and council tax valuation list. It has shown 2.3% points increase in amendments to the valuation roll being implemented within the first three months and a decline of 0.2% points in additions to the valuation list being made within the first three months. In both cases, the performance in the current year has been achieved against a background of increasing volumes of properties.

The 2013/14 public performance report identifies the loss of experienced staff and associated recruitment difficulties as an issue form the service. A trainee valuer was however successfully recruited for the Banff Divisional office this autumn but further recruitment will however be necessary following the recent retirement of an experienced surveyor in Aberdeen.

The full impact of re-assigning valuation service staff to electoral enquiry handling during August and September not been fully realised to date however the performance report to the Board in January 2015 will quantify any resultant decline in the published performance figures.

Author of Report: Ian H Milton

Signature:		Date:	21 October 2014
Designation:	Assessor & ERO	Name:	Ian H Milton

Appendix 1

Valuation Roll Performance Indicators as at 30 September 2014

	Time Period	**2014/2015** (part-year)	2013/2014	2012/2013
Amendments within Time Periods	0 - 3 Months	**827**	1,562	1,718
The number of amendments made to the valuation roll during the year as a result of material change of circumstances and new subjects.	%	**85.3%**	74.5%	75.2%
	Threshold %	***77.0%***	*77.0%*	*70.0%*
	3 - 6 Months	**114**	285	322
	%	**11.8%**	13.6%	14.1%
The time period is the period between the effective date of the amendment and the date the corresponding Valuation Notice is issued.	*Threshold %*	***13.0%***	*13.0%*	*15.0%*
	Over 6 Months	**28**	249	244
	%	**2.9%**	11.9%	10.7%
	Threshold %	***10.0%***	*10.0%*	*15.0%*
Number of Amendments		**969**	2,096	2,284
Total Number of Entries	At 1 April	**24,667**	24,434	24,300
Total Rateable Value	At 1 April	**£753.28M**	£741.98M	£741.05M

Appendix 2

Council Tax Valuation List Performance Indicators as at 30 September 2014

	Time Period	2014/2015 (part year)	2013/2014	2012/2013
New Entries within Time Periods The time period is the period between the effective date of the amendment and the date the corresponding Banding Notice is issued.	0 - 3 Months	**1,293**	2,629	2,500
	%	**94.9%**	95.4%	96.7%
	Threshold %	***92.0%***	*92.0%*	*92.0%*
	3 - 6 Months	**45**	92	58
	%	**3.3%**	3.3%	2.2%
	Threshold %	***5.0%***	*5.0%*	*5.0%*
	Over 6 Months	**24**	36	28
	%	**1.8%**	1.3%	1.1%
	Threshold %	***3.0%***	*3.0%*	*3.0%*
Number of New Entries Added The Actual number of new dwellings added to the Valuation List during the year.		**1,362**	2,757	2,586
Total Number of Entries The actual number of properties shown in the Valuation List as at 1 April annually.		**279,902**	277,659	275,426
Adjusted to Band “D” Equivalent		**275,251**	272,465	269,814

REPORT TO: **Grampian Valuation Joint Board on 31 October 2014**

SUBJECT: **Public Performance Report**

BY: **The Assessor & ERO**

1. Reason for Report

1.1 To seek approval for the publication of the thirteenth public performance report.

2. Recommendation

2.1 **The Board note the content and agree to the publication of the Public Performance Report provided as an appendix to this report.**

3. Background

3.1 The Board's Code of Corporate Governance requires publication of an annual report incorporating financial and performance information.

4. Current Position

4.1 The public performance report provides financial, staffing and sickness absence data along with statistical data relative to the organisation's three service strands; council tax, valuation roll and electoral register. The report does not drill down to the level of detail provided in the quarterly and annual performance reports to the Board. It does however seek to provide an overview of the organisation's performance.

4.2 2013/14 has been challenging year with both parliaments playing a major role in making substantive changes to the electoral registration regime that would impact significantly during 2013/14 and 2014/15. The result has been a congested calendar of electoral activities commencing in August with the signature refresh for 44,000 absent voters, a household canvass incorporating an additional young voters registration form commencing in October rather than late August and publication of revised registers of electors on 10 March 2014 along with the preparation of the secure young voters register in anticipation of the referendum that would take place in September 2014. Whilst handling the necessary IT and administrative system changes that would bring these services to the public, the organisation has invested heavily in terms of IT developments to prepare for the transition to individual electoral registration (IER) for implementation in 2014/15.

4.3 The development requirements were reflected in the level of funding originally sought from the constituent authorities, but both governments subsequently put in place refund provisions. The senior management team have ensured that development costs have been recovered from the respective governments and this has in turn contributed significantly to the year-end outturn of £3.615M against a budget of £3.927M.

4.4 In terms of services, the deadline for disposal of revaluation appeals was 31 December 2013. This deadline was met and as previsouly reported, the large number of appeals initiated in response to the economic downturn were also resolved satisfactorily. The demands in terms of appeal resolution deadlines and the loss of experienced staff has impacted on valuation roll and council tax performance. The electoral performance has however risen with the service achveiving the highest ever canvass response rate.

4.3 In terms of staff absences, there has been an increase in the number of absences due to ill-health when compared to the previous year, with 530 absences in 2013/14 compared to 427 in 2012/13. The overall percentage of days lost to ill-health absence has increased from 2.39% in 2012/13 to 3.00% in 2013/14. These figures are however sensitive to individual circumstances when dealing with the relatively small sample size of less than 100 employees. Serious ill-health for one or two members of staff have can have a significant impact on the overall outturn, as is the case for 2013/14.

4.4 Looking forward, the the organisation delivered significant performance improvements I the electoral registration service, but the published performance indicators for the valuation service have been impacted by the appeal workload, that in its nature is distinctly reactive, and to a certain extent by the loss of experienced staff.

5. Conclusion

5.1 The performance levels set out in this report reflect the challenges of the year and the professionalism and dedication shown by the staff in meeting these challenges. The employees of the organisation have continued to rise to the professional challenges whilst dealing with the financial pressures imposed through pay restraint. I must express my appreciation to the Board's employees in continuing to meet these challenges.

Author of Report: Ian H Milton

Signature:		Date:	20 October 2014
Designation:	Assessor & ERO	Name:	Ian H Milton

Grampian Assessor & Electoral Registration Officer

Public Performance Report 2013/14

Introduction

The Grampian Assessor & Electoral Registration Officer (ERO) is an independent statutory official appointed by the Grampian Valuation Joint Board to value non-domestic properties for rating purposes, allocate dwellings to council tax bands and provide an electoral registration service for the Aberdeen, Aberdeenshire and Moray Council areas.

General Information

The Grampian Valuation Joint Board is a public body that funds the Assessor & ERO by means of requisitions from Aberdeen, Aberdeenshire and Moray councils. Total expenditure for 2013/14 was £3.615M against a budget of £3.927M. The Assessor & ERO has a full-time equivalent of 76 posts distributed between offices in Aberdeen, Banff and Elgin. As at 31 March 2013 there were 66 full-time equivalent staff in post. In the last year staff absence due to ill health amounted to 3.0%. This is an increase on the figure of 2.4% in the previous year. With an establishment of fewer than 100 personnel, absence data can be vulnerable to the misfortune of a small number of individuals as is the case for 2013/14.

2013/14

In September 2013 the Scottish Government published its response to the consultation on rates reform 'Supporting Business: Promoting Growth' and set out an action plan to be implemented ahead of the 2017 Revaluation. The Scottish Independence Referendum legislation was finalised with the franchise bill receiving Royal Assent on 7 August 2013 and the principal bill receiving Royal Assent on 17 December 2013. The coalition government's plans to implement individual electoral registration progressed with the legislation coming into force on 18 December 2013. The year was therefore devoted to significant system re-design in order to meet new legislative provisions.

For the third consecutive year no formal complaints have been made concerning the services we offer despite a wide customer base that is represented by our work in maintaining the assessment of rateable value for 24,300 non-domestic subjects, maintaining the council tax bands of some 275,000 dwellings and interacting with 445,000 electors.

Council Tax List

The Council Tax Valuation Lists for Aberdeen, Aberdeenshire and Moray contain the addresses and council tax bands of all dwellings in each council area. The lists are published and can be inspected in the Grampian Assessor & ERO offices. The public can also look up any address in Scotland to check the council tax band that a dwelling is allocated to by using the Scottish Assessors Association website www.saa.gov.uk.

During the year 2,757 new dwellings were added to the list, with the owners or taxpayers receiving formal notice of the banding for 95.4% of the dwellings within 3 months of the dwelling being completed or occupied. This is at the same level of performance in 2011/12 and 1.3% points below the performance reported for 2012/13. The 2013/14 performance must however be viewed in the context of increasing volumes of completions on a year by year basis, with 12% more completions that in 2011/12 and 7% more completions that 2012/13. Table 1 shows the number of new dwellings added to the lists in Grampian each year since 2002/3 and also the percentage that received notification within the 3 and 6 month performance windows. Table 1 also shows the performance thresholds that have been set.

Table 1 The time taken to add new dwellings to the list

Year	Number	Within 3 months		Within 6 months	
		Threshold	Actual	Threshold	Actual
2013/14	2,757	92%	95%	97%	99%
2012/13	2,568	92%	97%	97%	99%
2011/12	2,455	90%	95%	97%	98%
2010/11	2,715	90%	96%	97%	98%
2009/10	2,642	90%	92%	97%	98%
2008/09	2,803	88%	89%	96%	97%
2007/08	2,964	88%	92%	96%	98%
2006/07	3,078	88%	91%	96%	98%
2005/06	3,167	85%	88%	95%	98%
2004/05	2,994	85%	88%	95%	98%
2003/04	3,148	85%	90%	95%	98%
2002/03	2,907	85%	87%	95%	97%

Valuation Roll

The Valuation Rolls provide the address, owner, occupier and rateable value of non-domestic properties in the Aberdeen, Aberdeenshire and Moray council areas. Agricultural property is exempt from rating and is not included in the valuation rolls. The rolls are available for inspection in the Grampian Assessor and ERO offices and can be checked online by using the Scottish Assessors Association website www.saa.gov.uk which gives access to the valuation roll entries for all properties in Scotland free of charge.

Table 2 shows the number of alterations made to the roll each year along with the percentage of alterations that were made within the 3 and 6 month performance windows. The revised performance thresholds agreed with the Grampian Valuation Joint Board for are also provided. Alterations include new entries to the valuation roll for newly constructed or converted buildings as well as alterations to existing buildings.

The drive to ensure that all appeals lodged in response to the 2010 revaluation were resolved prior to the statutory deadline of 31 December 2013 and the difficulty in retaining experienced professional staff has contributed to a modest decline in headline performance in relation to updates to the valuation roll. Staff vacancy due to retirement, moves to the private sector and maternity leave have had an impact with financial restraint dictating that one post remained unfilled and the challenge of recruiting professionals in the North East of Scotland leading to another post remaining unfilled until 2014/15.

The successful resolution of a record number of appeals ahead of the December 2013 deadline ensured that the benefit of a quick turnaround of disputed valuations and the resultant certainty which is so important to ratepayers was delivered.

Table 2 The time taken to alter the Valuation Roll

Year	Number	Within 3 months		Within 6 months	
		Threshold	Actual	Threshold	Actual
2013/14	2,096	77%	75%	90%	88%
2012/13	2,284	70%	75%	85%	89%
2011/12	1,945	70%	69%	85%	86%
2010/11	2,502	70%	66%	85%	81%
2009/10	1,892	50%	57%	75%	73%
2008/09	2,248	50%	70%	75%	86%
2007/08	2,339	50%	65%	75%	85%
2006/07	2,187	50%	59%	75%	82%
2005/06	2,378	40%	60%	70%	72%
2004/05	1,937	40%	41%	70%	71%
2003/04	1,960	40%	50%	70%	77%
2002/03	1,826	35%	39%	65%	68%

Electoral Register

The electoral register is a list of all citizens who are registered to vote in European, UK (Westminster), Scottish (Holyrood) and local government elections. The register is also used for elections to the Cairngorms National Park Authority and community councils.

The register is normally revised each December after the autumn canvass of the quarter of a million households in Grampian. There are two versions of the register. The full register is used for elections. The law also requires the ERO to make this version of the register available to financial organisations for credit reference purposes. The alternative version of the register is known as the Edited Register. Anybody can choose to have his or her name excluded from the Edited Register. The law requires the ERO to make the Edited Register available for general sale. Anybody who does not wish their name and address details to be purchased by companies such as direct marketing organisations should opt-out of the Edited Register when they make their canvass return each autumn.

Legislation delayed the autumn canvass for two months to allow EROs in Scotland to renew their signature records for any absent voters who had not refreshed their signature for 5 years. This was a coordinated exercise across Scotland and in Grampian 44,223 absent voters were invited to provide fresh signatures for their absent vote security check. 39,000 responded with fresh signatures and 5,223 cancelled their absent vote. The canvass commenced in mid-October with the publication date for revised registers rescheduled from the customary 1 December to 10 March 2014. A secure register of young voters was also prepared to reflect the extension of the franchise to 16 and 17 year olds for the referendum.

If we do not receive a canvass return from an elector for two years and cannot verify by other inquiries whether the elector is resident, the elector is removed from the register. Any elector can apply to vote by post and the number making this choice fell to 70,626 at 10 March 2014, probably reflecting in part the outcome of the signature refresh. The total had however risen to 78,782 by 31 March 2014.

Table 3 provides the electorate and canvass return rate for Grampian along with the number of electors who have postal votes at the end of the canvass, the number of electors who have been removed due to non-returns and the number of electors who have opted out of the Edited Register.

Table 3 Electorate details for Grampian

Year	Electorate	Return Rate	Postal Voters	Electors removed after 2 years	Opt-outs from Edited Register
2013	445,541	95.4%	70,626	1,336	179,326
2012	430,927	92.2%	78,886	1,556	150,766
2011	427,105	92.6%	71,502	1,667	138,020
2010	411,047	87.9%	66,645	2,315	96,140
2009	406,422	87.9%	54,709	2,718	92,172
2008	406,654	87.8%	49,626	1,579	77,420
2007	405,474	78.3%	49,157	1,930	73,249

The Electoral Commission publishes performance standards for Electoral Registration Officers. For the last three years we have met or exceeded the standards set by the Commission.

The year was quiet in terms of elections with only two local government and one parliamentary by-election. Significant IT resources were however committed to preparations for the introduction of individual electoral registration and also a secure register for young voters in advance of the Scottish Independence Referendum.

Conclusion

The organisation has continued to deliver service improvements in terms of performance against a background of continuing financial restraint. The number of employees in post has declined to 66 full-time equivalent employees against an establishment of 76 posts. Recruitment continues to present a challenge and contributes to the trend towards increasing demands on the individuals in post.

The year has presented a unique blend of challenges and exciting moves that have seen the inclusion of 16 & 17 year olds in the electoral process. The organisation has met these challenges through the dedication and innovation of its employees. I am extremely grateful for the contribution of all personnel towards the valuation and registration services we provide in the North East of Scotland. The immediate future presents further challenges in the delivery of individual electoral registration to the people of Grampian in 2014/15 and a sound and robust revaluation of non-domestic properties for 2017.

Ian H Milton
Grampian Assessor & Electoral Registration Officer

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REPORT TO: **Grampian Valuation Joint Board on 31 October 2014**

SUBJECT: **IRRV Scottish Conference**

BY: **The Assessor & ERO**

1. Reason for Report

1.1 To advise the Board of attendance at ‘Scotland’s Public Services – Building on Innovation’, the Institute of Revenues, Rating and Valuation’s Scottish conference.

2. Recommendation

2.1 **The Board note the content of this report**

3. Background

3.1 The IRRV is the largest UK based professional body operating in the field of local government revenues, rating and valuation. It holds an annual conference in Scotland, which has been attended by the Assessor and Valuation Joint Board since 1995. The Assessor is professionally qualified as a corporate member of the Institute and member of the Institute’s Scottish Executive.

3.2 The Convenor and the Assistant Assessor for Banff & Buchan attended the 2014 conference. As a result of a ‘four for the price of three’ delegate offer, they were accompanied by a senior valuer and a valuer. The Assessor also attended on 4 September to chair two valuation workshops.

3.3 Two graduate trainee valuers and two qualified valuers also attended the valuation workshops as day delegates. The conference provides vital professional development opportunities that all valuers must fulfil to initially qualify as chartered surveyors and then to maintain that qualification.

4. The 2014 Conference

4.1 The conference took place on 3 and 4 September and was attended by fulltime and day delegates that included members from councils and valuation authorities along with revenues, benefits and valuation staff.

4.2 Tony Travers of London School of Economics opened the conference with an analysis of the future of local government, assessing the impact of the current financial and organisational challenges that local government faces, and the complexities of multi-agency working.

4.3 Euan Wallace, Billing and Collection Manager for Aberdeen City Council provided a insight into the measures employed to deal with non domestic rates avoidance and Bill Miller, Customer Management Project Manager of Argyll and Bute Council, addressed the conference on electronic engagement with citizens.

4.4 The valuation workshop sessions on 3 September were themed around the more specialised assessment considerations encountered when valuing energy subjects such as wind turbines, hydro and waste gas electricity generation installations. The growth in renewables has increased the number of electricity generation plants dramatically and the valuation of such installations is particularly specialised.

4.5 The second day of the conference focussed on UK economic cycles and the impact that they have on valuation for rating. This was particularly relevant given the extreme economic downturn following the 2010 revaluation followed by a revaluation scheduled for 2015 but postponed by government until 2017. As economic recovery progresses, the experience across Scotland in terms of both economic downturn and the subsequent recovery is far from uniform across both locations and sectors of the non-dometic property market. In preparing for the 2017 Revaluation Assessors require in-depth knowledge of local property markets and the key influences on these markets.

4.6 Other sessions on the second day examined agricultural diversification and the rating issues that arise from this growing trend in rural areas. The role tax incremental financing can play in delivering infrastructure renewal was also the subject of a conference session.

5. Conclusion

5.1 The conference covered a broad range of issues on both strategic and technical fronts. As such it was extremely useful to all of the Board's attendees and proved to be an excellent source of continuing professional development.

Author of Report: Ian H Milton

Signature: ____________________ Date: 21 October 2014

Designation: Assessor & ERO Name: Ian H Milton

ITEM: 12

QUESTION TIME