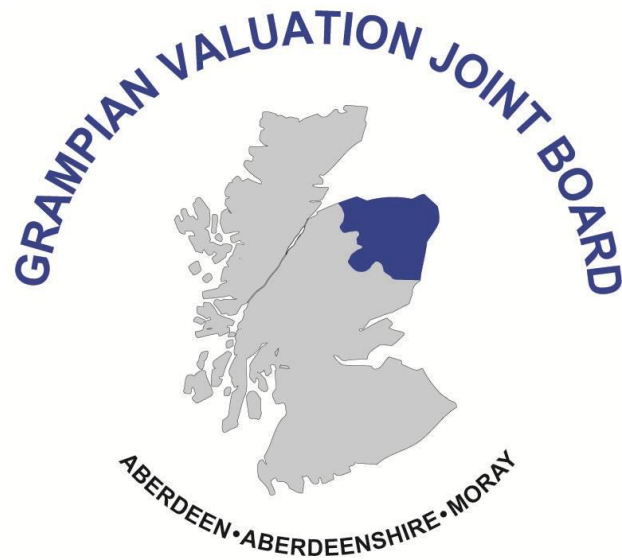


AUDITED ACCOUNTS



**GRAMPIAN
VALUATION
JOINT BOARD**

**ANNUAL ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2022**

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

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Treasurer to the Board, Financial Services, High Street, Elgin, IV30 1BX



01343 563125



accountancy.support@moray.gov.uk

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MANAGEMENT COMMENTARY

Strategy and objectives

The Assessor & Electoral Registration Officer is charged with the provision of valuation assessment and registration services across Aberdeen City Council, Aberdeenshire Council and Moray Council areas.

These strictly defined and regulated services are delivered by the Assessor & Electoral Registration Officer, the responsible independent statutory official, in partnership with the Grampian Valuation Joint Board, an independent local government body which was established by The Valuation Joint Boards (Scotland) Order 1995, and is comprised of members from each of the constituent authorities. The Board is required to appoint and resource the Assessor. The constituent authorities are required to appoint and resource an Electoral Registration Officer (ERO) and, by agreement, the Board has undertaken this responsibility on behalf of the local authorities.

The priorities for 2021/22 were:

- Implement a full household canvass using the reformed canvass model;
- Publish revised registers by 1 December 2021;
- Prepare for the local government elections scheduled for 5 May 2022;
- Maximise Valuation Roll appeal resolution and dispose of all Revaluation appeals by the revised statutory deadline of 31 December 2021;
- Maintain a complete and accurate Valuation Roll in terms of the Local Government (Scotland) Act 1975;
- Maintain a complete and accurate Council Tax Valuation List in terms of the Local Government Finance Act 1992;
- Continue to develop IT systems and procedures to deliver the non-domestic rates reform changes that include more frequent revaluations, greater transparency and improved information gathering powers;
- Improve IT service provision and capacity by working more closely with one of the constituent authorities.

Monitoring regimes

The Electoral Commission has a performance monitoring framework in place for EROs across the UK and requires quantitative and qualitative performance returns.

The Cabinet Office in its capacity as lead department for the implementation of individual electoral registration and canvass reform across the UK also required performance returns from EROs during 2021/22.

Quarterly revaluation appeal resolution returns are made to the Scottish Government that in turn publishes the local and national data¹.

Key performance indicators to monitor performance in relation to the updating of the Council Tax Valuation List and the Valuation Roll are set by the Board and are reported quarterly to the Board and annually to Scottish Government.

In discussion with the Electoral Commission, the Electoral Registration Committee of the Scottish Assessors Association are finalising a set of key performance indicators in relation

¹ <https://www.gov.scot/publications/non-domestic-rates-revaluation-appeals/>

MANAGEMENT COMMENTARY (continued)

to electoral registration activities and these will be reported on annually from 1 December 2022 onwards.

Business model

The organisation delivers the outcomes that are required by statute in a dual strand approach with the Board providing resources and oversight and the Assessor & ERO delivering the specialised independent professional services of valuation assessment and registration. The organisation normally operates out of offices in Aberdeen, Banff and Elgin but, as in 2020/21, operational activity has been mainly home-based with limited office-based activities being undertaken, largely in Aberdeen, due to the pandemic-related restrictions.

The Assessor & ERO and his staff work closely with the other Scottish Assessors and EROs via the Scottish Assessors Association (SAA) to deliver a service across Aberdeen City, Aberdeenshire and Moray council areas that is consistent with that being delivered across all 32 local authority areas in Scotland. The sharing of expertise and representation through the SAA is a unique example of shared services across Scotland that includes a national website and data source for a wide range of stakeholders that includes citizens, business, third sector, public agencies, government and research bodies.

Appeal outcome data and performance indicators measure the effectiveness of the organisation's valuation assessment role and the Electoral Commission's performance framework monitors the registration outcomes.

Despite the continued closure of operational offices due to the pandemic and the move to a working-from-home operational model, the organisation met all the demands placed upon it in terms of valuation assessment and registration during 2021/22.

The pandemic continued to impact on the organisation's planned activities for the year, although to a lesser degree when compared with 2020/21. Working practices to allow services to be maintained whilst working from home continued to be developed and refined. As an organisation which previously handled information largely in paper format, the change to a hybrid model where less paper is being handled within the office has been a challenge. However, this has produced benefits in terms of staff time and costs. As the year progressed and restrictions continued to ease, the inspection and survey of properties and door-to-door visits in connection with electoral registration activities began to increase.

The continued risks and uncertainties that prevailed during the year 2021/22 have again been amongst the most challenging this organisation has had to address.

A fair review of the business

In terms of our priorities:

Implement a full household canvass using the reformed canvass model

Under the reformed canvass model, the 2021 canvass again used data to determine the appropriate approach to be taken on a household-by-household basis. A data matching exercise was carried out where the registration database was compared to government records and the results returned to the registration officer. Where the results suggested that there was no change in the household composition, a canvass communication letter summarising the registration information for the household was issued and the household was invited to only respond if there were changes at the property. Where the results indicated that changes in a household composition may have taken place, a different canvass procedure

MANAGEMENT COMMENTARY (continued)

followed that required a response from the household and follow-up actions by the ERO. Although it was not possible to carry out door-to-door visits for the 2020 canvass, door-to-door visits resumed for the 2021 canvass and all properties which required a personal visit were canvassed by a member of the canvass team.

For the 2021 canvass, a total of 341,409 canvass communications were issued, compared to 387,768 canvass communications in 2020 and 482,539 canvass forms and reminders in 2019. This trend, and the associated savings, highlights one of the principal benefits of the reformed canvass model.

Publish revised registers by 1 December 2021

Revised registers were published on 1 December 2021 and the table below provides a summary of the last three revised registers for local government and Scottish Parliament elections.

Revised registers	Number of electors	Number of postal voters
1 February 2020	445,690	91,070
1 December 2020	448,331	88,494
1 December 2021	448,607	119,213

During the period from 1 December 2020 to 30 November 2021, 54,958 additions and 55,274 deletions were made to the registers. During the same period, 37,097 initial invitations to register were issued along with 31,984 first and second reminders.

Prepare for the local government elections scheduled for 5 May 2022

This was the second set of major elections to take place in Scotland during the pandemic. Unlike the Scottish Parliamentary elections (SPE) in 2021, no extra funding was made available, although any unused sums from the 2021 SPE funding was permitted to be retained and used for registration related activities in 2021/22.

For the 2021 SPE, a Household Notification Letter (HNL) was issued to all households in Scotland by local electoral registration officers (EROs). The letter detailed the eligible electors at the property and indicated if they were a postal voter. The purpose of this letter was to encourage citizens to take early action where they required to register to vote and/or register to vote by post. Using the funding which remained from the SPE, this HNL exercise was repeated in January 2022 with the aim of encouraging citizens to take early action and hopefully spread activity over a longer, more manageable period, rather than close to the registration deadlines. Given the high uptake of postal votes at the SPE, indications were that there would not be a similar upsurge in postal voting for the local government elections and that we could manage any influx of applications from our core admin team, supplemented by other existing staff if required. Therefore, in contrast to the 2021 SPE, no additional temporary staff were employed. With the exception of a small team based permanently in the Aberdeen office for mail and welfare reasons, the majority of the election related work in 2022 has been carried out remotely by staff working from home although the office-based presence has been increased at critical points in the election cycle when required.

The dedicated voter information on the Board's website has continued to be developed and, as in 2020/21, there was a facility for electors to request the issue of pre-populated absent vote application forms. Issuing the forms with the elector's details pre-populated allowed them to be processed quicker and more easily when they were returned, saving valuable staff time and resources. During the period from 1 February to 12 April 2022, over 3,800 forms were requested.

MANAGEMENT COMMENTARY (continued)

Maximise Valuation Roll appeal resolution

The pandemic seriously interrupted the independent Valuation Appeal Committees' appeal hearing and disposal programmes across Scotland and the Scottish Government extended the appeal disposal deadline to 31 December 2021 to cater for these unique circumstances. The number of appeals which required to be disposed of in Grampian was particularly challenging, even taking the extended deadline into account. However, the valuation team rose to the challenge and the loss of rateable value continued to be amongst the lowest in Scotland.

Discussions and negotiations continued throughout 2021/22 with the result that all the Revaluation 2017 appeals lodged in Grampian were disposed of by the statutory deadline of 31 December 2021 except for one appeal which is the subject of a procedural hearing to the Valuation Appeal Committee and 149 appeals which have been referred to the Lands Tribunal for Scotland. A summary of the Revaluation 2017 appeals is shown in the table below.

	Number	Percentage
Appeals lodged	11,291	100.000%
Appeals disposed of	11,141	98.671%
Appeals referred to Lands Tribunal for Scotland	149	1.320%
Appeals subject of a procedural hearing to the Valuation Appeal Committee	1	0.009%

Comprehensive data relating to the disposal of Revaluation appeals across Scotland can be found on the Scottish Government website².

Limited progress has been made in Grampian, and across the whole of Scotland, in relation to the thousands of "material change of circumstances" appeals that were lodged from 2020 onwards due to the effects of the pandemic on property values. The Scottish Government made an Order in autumn 2021 which specified that when calculating the rateable value of any properties on the 2017 Valuation Roll, no account could be taken of any matter arising on or after 1 April 2021 that is directly or indirectly attributable to coronavirus. However, this Order could not be applied retrospectively, and a Bill is currently going through the Scottish Parliament which would extend this rule back to 2 April 2020, the date on which the Scottish Government amended the definition of material change circumstances to exclude changes in economic circumstances. Although the deadline for disposal of appeals lodged from 1 January 2020 onwards has been extended to 31 December 2023, Valuation Appeal Committee hearings have been scheduled from summer 2022 through to the end of 2022. This will prove challenging for the valuation team whilst they carry out tasks in connection with Revaluation 2023.

Maintain a complete and accurate Valuation Roll in terms of the Local Government (Scotland) Act 1975

&

Maintain a complete and accurate Council Tax Valuation List in terms of the Local Government Finance Act 1992

These two priorities use quantitative target-based performance indicators rather than qualitative measures and as such the indicators can be misleading as achieving the targets relies partly on the timely receipt of information from the owners and occupiers of dwellings and non-domestic properties. Pandemic related restrictions continued to have an impact on

² [Non-domestic rates revaluation appeals statistics - gov.scot \(www.gov.scot\)](http://www.gov.scot/non-domestic-rates-revaluation-appeals-statistics)

MANAGEMENT COMMENTARY (continued)

the organisation's ability to meet the timescales suggested by the key performance indicators but there has been an improvement from 2020/21 as well as an increase in volume of both alterations to the non-domestic Valuation Roll and the number of dwellings added to the Council Tax Valuation List. The last 3 year's figures are shown in the tables below;

Valuation Roll – number of alterations made to Valuation Roll/time taken from effective date of alteration to Valuation Roll to date of issue of valuation notice

Year	< 3 months		3-6 months		> 6 months		Total Number
	Number	%	Number	%	Number	%	
2019/20	1,176	59.3	358	18.0	450	22.7	1,984
2020/21	425	29.7	278	19.4	727	50.8	1,430
2021/22	663	39.4	380	22.6	640	38.0	1,683
Target		65*		20*		15*	

* Target for years 2019/20 & 2020/21 was 70%, 15% & 15%

Council Tax – number of dwellings entered into Valuation List/time taken from date of entry in Valuation List to date of issue of valuation notice

Year	< 3 months		3-6 months		> 6 months		Total Number
	Number	%	Number	%	Number	%	
2019/20	3,089	89.9	231	6.7	117	3.4	3,437
2020/21	1,357	61.4	408	18.4	447	20.2	2,212
2021/22	2,465	83.2	344	11.6	155	5.2	2,964
Target		94		3		3	

The organisation saw several retirements during 2021/22, including three at management team level. Although recruitment has been partially successful, there are still several unfilled posts within the valuation team, and this has also had an impact on the ability of the organisation to meet the KPI targets. Despite these difficulties, the organisation has performed exceptionally well in fulfilling its statutory requirements to maintain the Valuation Roll and List and it is a testimony to the hard work and dedication of colleagues that the current level of update to the Valuation Roll and Council Tax Valuation List has been achieved.

Continue to develop IT systems and procedures to deliver the non-domestic rates reform changes that include more frequent revaluations, greater transparency and improved information gathering powers

Work on this continued throughout 2021/22 and is still in progress at a local level and at a national level through work on the Scottish Assessor's Portal at saa.gov.uk. One of the significant pieces of work completed during the year has allowed the improved information gathering powers to be exercised in the form of Assessor Information Notices (AINs). As of 31 March 2022, in excess of 20,000 AINs had been issued for various property types across Grampian. An internal Revaluation Working group comprising experienced valuation practitioners meets regularly to consider the various challenges which lie ahead of the

MANAGEMENT COMMENTARY (continued)

Revaluation which takes effect from 1 April 2023.

Improve IT service provision and capacity by working more closely with one of the constituent authorities

Discussions with Aberdeenshire Council continued throughout 2021/22 and a Service Level Agreement is now in place whereby Aberdeenshire Council's IT section now manage the Board's IT infrastructure and provide day-to-day IT support to staff. Additional integration of services is currently being explored and undertaken, all with the aim of providing savings to the Board whilst providing a more comprehensive, robust and resilient service to users.

Future developments

The priority for the next year is to continue to fulfil our statutory duties across all three service strands: council tax, valuation for rating, and electoral registration.

In relation to council tax, the current Scottish Government has council tax reform as one of its key priorities although there is no concrete timescale for it. It is planned that a citizen's assembly will be set up to consider the way forward and the situation will be monitored by the Assessor through the Scottish Assessors Association and its Domestic Subjects Committee of which he is currently the Secretary. In addition, restrictions imposed by the pandemic hindered progress in the disposal of council tax appeals. However, a timetable of hearings of the Valuation Appeal Committees has now been established for the 2022 calendar year.

In relation to valuation for rating, the organisation faces several challenges. The general revaluation of all non-domestic subjects is effective from 1 April 2023 and work is ongoing to ensure that draft values are prepared for publication by 30 November 2022 and final values by March 2023. This task is challenging due to the fact that valuations are to be based on the levels of value that prevailed one year prior to the revaluation date (the "tone") rather than two years prior at previous revaluations. This means that the "tone" for the 2023 Revaluation is 1 April 2022 and therefore information must be ingathered and analysed in a shorter timeframe than previously. The current level of vacancies in the valuation team makes this task more acutely challenging. The difficulties of recruiting suitably qualified professional staff are not unique to the Grampian Assessor and is being experienced by colleagues in other Assessors' offices and across the public sector more widely.

The transfer of the work of the independent valuation appeal committees to a new chamber in the Scottish Courts and Tribunal Service will now take place with effect from 1 January 2023. This move brings with it a change to the appeal procedures in relation to non-domestic valuations. Although the terms of the legislation have still to be finalised, it is already known that system and procedural changes will be required to deal with the two-stage proposal and appeal process which will replace the existing appeal procedures.

In relation to electoral registration, the Elections Act which received Royal Assent in April 2022 brings with it several changes which will impact on the work of the organisation, including the requirement for voter identification in relation to UK elections and the removal of the restriction on British citizens who have been resident overseas for more than 15 consecutive years from voting in UK elections. The repeal of the Fixed Term Parliaments Act in March 2022 adds more uncertainty and complexity to the date of a future UK general election, particularly when considered alongside the ongoing review of UK Parliament constituencies by the Boundary Commission.

These legislative changes indicates that operational agility and planning will be the key to the success of the implementation and delivery of these developments.

MANAGEMENT COMMENTARY (continued)

In relation to governance, the retirement of several members of the management team during 2021 and the continuing impact of the pandemic meant that progress was challenging during 2021/22 as it had been in 2020/21. However, with a new management team in place and the lifting of the majority of the pandemic related restrictions, we anticipate that the opportunities for updating and modernising our governance arrangements to streamline and improve efficiency across the organisation whilst maximising our effectiveness in terms of costs and service delivery will continue.

Key performance indicators (KPI)

The organisation's code of corporate governance established a KPI reporting and three-year review regime. They seek to quantify the effectiveness of the organisation's activities in relation to the Valuation Roll of non-domestic property assessments and the Valuation List of domestic property council tax band allocations. The Assessor & ERO provides performance reports at every meeting of the Board and an annual public performance report is published online. KPI targets for the three years from 2021/22 onwards were agreed by the Board at its June 2021 meeting.

The Electoral Commission's performance framework for electoral registration officers focuses on both qualitative and quantitative performance monitoring. As mentioned earlier, the Electoral Registration Committee of the Scottish Assessors Association is finalising a set of key performance indicators in relation to electoral registration activities, and these will be reported on annually from 1 December 2022 onwards.

Principal risks and uncertainties

The organisation maintains an operational and strategic risk register which is continually monitored and reviewed by the management team.

The principal risks and uncertainties relate to a dynamic valuation assessment and registration statutory framework, challenges in terms of financial resources and, particularly, securing sufficient expertise to deliver our services. The effect of the global pandemic continues to present challenges to the operational activities and remains a major influence on all decision making within the organisation.

Apart from the normal control measures in terms of financial and operational planning, the Assessor & ERO and the management team seek to mitigate risk and uncertainty through partnership working through the Scottish Assessors Association (SAA) and external agencies. The Assessor & ERO is Secretary to the SAA Electoral Registration and Domestic Subjects committees and has been offered a place on the Electoral Management Board for Scotland. These roles will assist the organisation to meet the challenges of any developments in relation to the valuation assessment and registration functions of the organisation and also with the identification of risks and the work required to minimise uncertainties in what remains an extremely unpredictable and challenging public sector environment.

MANAGEMENT COMMENTARY (continued)

Financial Performance

Revenue Expenditure

The Grampian Valuation Joint Board, at its meeting on 5 February 2021, approved the 2021/22 Revenue Budget of £4.933m (2020/21 £4.833m), an increase of 2.0%. The requisitions to constituent authorities were set at £4.842m (2020/21 £4.703m) with approved use of reserves of £0.091m. The core budget was set at £4.389m, with an additional £0.544m budgeted for NDR Reform.

The Joint Board receive quarterly Revenue Monitoring reports during the year in order to keep the board members fully informed as to the latest position, and projected outturn.

The actual net expenditure in 2021/22 was £4.114m (2020/21 £3.979m) resulting in an underspend of £0.819m for the year. The budgeted use of General Reserve of £0.091m is not required, thus giving an overall variance of £0.728m. Of this total, £0.265m was transferred to the NDR Reserve for future commitments, while £0.016m was transferred out of the General Fund Reserve to bring the balance back to the maximum permitted under the Board's Reserves Policy. This balance of £0.479m is available to return to the constituent authorities.

The Comprehensive Income and Expenditure Statement shows a deficit of £0.185m on the provision of services for the year. After allowing for the reversal of statutory charges for International Accounting Standard 19 (IAS19) of £0.416m, CFCR of £0.016m and depreciation totalling £0.034m, this leaves the £0.016m transferred out of the General Fund and £0.265m to the NDR Reserve.

The following table shows a summary of the figures for the main variances between budget and actual for the year to 31 March 2022. These figures are monitored and reported to the Board throughout the year, and exclude accounting adjustments related to pensions, short-term accumulating absences and depreciation. Actual under/overspends are explained in the detailed variance analysis below.

2020/21		2021/22	2021/22	2021/22
Actual		Budget	Actual	Variance
£000		£000	£000	£000
3,053	Employee Benefit Expenses	3,737	3,110	(627)
1,243	Other Service Expenses (including capital financed from current revenue (CFCR))	1,152	1,150	(2)
63	Support Service Recharges	59	62	3
(1)	Interest and Investment Income	(2)	(8)	(6)
(379)	Government Grants and other Service Income	(13)	(200)	(187)
3,979	Net (Under)/Overspend Against Budget	4,933	4,114	(819)
	Funded by:			
(4,703)	Requisitions	(4,842)	(4,842)	-
-	Approved use of Reserves	(91)	-	91
(724)	2021/22 Outturn	-	(728)	(728)

MANAGEMENT COMMENTARY (continued)

The main variances from budget during the year were:

- £0.627m underspend for Employee costs, largely due to staff vacancies and difficulties experienced in recruiting suitably qualified staff.
- There is a small overall variance on other service expenses, but within this heading there are both over and underspends, detailed below.
- The move to a new office suite within Woodhill House was delayed. The current rental and service charges continue until the relocation takes place, resulting in a £0.062m overspend. However, within property costs there was reduced expenditure on heating, lighting and cleaning costs of office accommodation as staff continue to work from home since lockdown.
- There was an overspend on postages of £0.152m due to the issue of mail in advance of the Scottish Parliament Election (SPE) in May 2021, which included household notification letters and letters to all 16 and 17 year olds encouraging them to register to vote. This expenditure was funded by government grant for the expected increase in postal vote applications in the run up to the SPE in May 2021.
- An underspend on ICT of £0.161m is due to slippage in NDR planned spend on support costs and equipment.
- Valuation Appeals costs were underspent by £0.02m
- The £0.187m variance in income is mainly due to government grants received in excess of budget expectation. There is corresponding expenditure in employee costs of £40,000 and other service expenses (postages £139,000 and ICT £7,000) totalling the grant amount which are referred to above.
- Of the £0.265m underspend related to NDR reforms, £0.209m is within the employee costs, £0.146m on other expenditure, and without the budgeted use of the earmarked reserve of £0.091m, this gives the underspend of £0.265m.

General Reserve

In setting the 2021/22 Revenue Budget the Treasurer clarified that the cumulative balance on the uncommitted part of the General Fund should be calculated on the budget for the Joint Board's core costs alone and exclude budgets with a separate funding stream e.g. NDR earmarked reserve for implementation of the Barclay Review.

The NDR reserve does not go by the same principles, given the nature of funding for NDR reform by the Scottish Government.

The General Reserve balance at 31 March 2022 is £0.219m with an additional £0.408m earmarked for the NDR reform Implementation.

Going Concern

The Balance Sheet at 31 March 2022 shows an excess of assets over liabilities of £0.739m (net asset of £0.998m at 31 March 2021). The North East Scotland Pension Fund is required to carry out actuarial valuations every three years. 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 Annual Accounts.

MANAGEMENT COMMENTARY (continued)

Donald Gatt

Councillor Donald Gatt
Convener

27 January 2023

Mark Adam

Mark J Adam MRICS AEA (Cert – Scotland)
Assessor & Electoral Registration Officer

27 January 2023

Lorraine Paisey

Lorraine Paisey CA
Treasurer

27 January 2023

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

The Board's Responsibilities

The Board is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Board has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). 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.
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014) and the Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2021, and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government Scotland Act 2003).
- approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Board at its meeting on 27 January 2023.

Signed on behalf of the Grampian Valuation Joint Board

Donald Gatt

Councillor Donald Gatt
Convener
27 January 2023

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS (continued)

The Treasurer's Responsibilities

The Treasurer to the Board is responsible for the preparation of the Board's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Accounting Code).

In preparing these annual accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation;
- complied with the local authority Accounting Code (in so far as it is compatible with legislation);
- kept adequate accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Board at the reporting date and the transactions of the Board for the year ended 31 March 2022.

Lorraine Paisey

Lorraine Paisey CA
Treasurer

27 January 2023

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

The Board was established in terms of The Valuation Joint Boards (Scotland) Order 1995 and is the valuation authority for Aberdeen City Council, Aberdeenshire Council and Moray Council. The Board is responsible for the provision of valuation assessment services for local taxation purposes. Through an agreement to share services, the Board also provides electoral registration services for the same three constituent authorities.

The Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must ensure that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Board is considered to be a local authority in terms of the Local Government etc. (Scotland) Act 1994 and has a duty to deliver continuous improvement as set out in the Local Government in Scotland Act 2003. In discharging this overall responsibility, the Board is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its valuation and registration functions. This includes arrangements for the management of risk.

Responsibility for delivery - members and officers

In terms of the above Order, the Board membership comprises 6 members appointed by Aberdeen City Council, 6 members appointed by Aberdeenshire Council and 3 members appointed by Moray Council.

To fulfil its operational role, the Board is responsible for the appointment of an Assessor, and Deputies as appropriate, in terms of section 27 of the Local Government etc. (Scotland) Act 1994. In practice the Assessor and Deputies manage the provision of valuation assessment and electoral registration services on a day-to-day basis, with the Board providing resources, a governance framework and a monitoring regime for financial and operational performance.

The Assessor is also appointed as the Electoral Registration Officer (ERO) for the Board's three constituent authorities. This too is a statutory position with the ERO and Deputies appointed in terms of section 8 of the Representation of the People Act 1983.

The Board has approved and adopted a local code of corporate governance that is reviewed biennially and is available at www.grampian-vjb.gov.uk

The purpose of the governance framework

The governance framework comprises the systems, processes, cultures and values by which the Board is directed and controlled, and the activities used to engage with the community. It enables the Board to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective valuation assessment and registration services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level, and provide reasonable, but not absolute, assurance that the statutory requirements of the Assessor & ERO are met and policies, aims and objectives can be delivered. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

ANNUAL GOVERNANCE STATEMENT (continued)

The governance framework

The key elements of the systems and processes that comprise the Board's governance arrangements are described in terms of the seven principles of good governance defined in the framework and summarised as follows:

Governance Principle 1 - behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

The Board's code of conduct provides a clear standard in terms of conduct and behaviour, as does the Board's personnel related policies that deal with mainstreaming equalities into the fabric of the organisation, dignity of the individual, whistleblowing, special leave and personal development. These policies go beyond behavioural matters and reflect the positive approach to workforce development to the extent that career development schemes are in place across all three service strands: non-domestic property valuation assessment, domestic property valuation assessment and electoral registration. As such, career pathways are available to almost all staff.

In order to avoid duplication, the Board relies on the registers of interests and gifts maintained by the relevant constituent authorities for elected members. A register of interests has been established for all employees and a register of gifts is also maintained. The Assessor & ERO and Deputies are bound by the policies of the Board and must also adhere to the professional standards regime set by the Royal Institution of Chartered Surveyors (RICS).

Issues relating to actions taken or not taken by officials can be addressed through the organisation's complaints handling procedure. This procedure was updated in 2021 following the revision of the national Complaints Handling Procedures (CHP) scheme by the Scottish Public Services Ombudsman.

The organisation maintained its commitment to combating fraud during the year by assisting with the National Fraud Initiative. The Assessor & ERO also works closely with the Electoral Commission, the Electoral Management Board and Police Scotland. If necessary, suspected fraudulent registration or absent vote applications are referred to the Police Scotland single point of contact.

Governance Principle 2 - ensuring openness and comprehensive stakeholder engagement.

The Board's decision-making processes are well established with decisions concerning finance, performance and governance being taken by the Board. Standing orders and regulations govern how decisions are made and appropriate legal, financial and other professional advice is considered as part of the decision-making process.

At an operational level, stakeholder involvement falls within the domain of the Assessor & ERO.

The engagement work following the 2017 revaluation has continued with the focus being on appeal resolution and Non-Domestic Rating (NDR) reform. The Assessor & ERO's engagement strategy has been to maintain a high level of accessibility and visibility in the public domain. Significant changes in the information gathering regime took place during 2020/21 and a major project to ingather information in preparation for the 2023 revaluation got underway in 2021/22. As of 31 March 2022, in excess of 20,000 requests for information had been issued to proprietors, tenants and occupiers of property within the Grampian area.

ANNUAL GOVERNANCE STATEMENT (continued)

In a similar exercise to that carried out prior to the Scottish Parliament Election in 2021, Household Notification Letters (HNLs) were issued to all households in the Grampian area prior to the local government elections in May 2022. This encouraged citizens to register to vote and/or apply to vote by post should they wish to.

The online voting information page on the Board's website which was established in 2020/21 continues to be developed so users can easily access information or application forms for the service or action that they require. This has continued to be a well-used service and in a 10-week period leading up to the local government elections in May 2022, around 4,000 requests for assistance were made using this facility.

An initial venture into the realm of social media was established in 2021/22 with the creation of a Twitter account for the electoral registration service. This account is still in its infancy but it is intended to be developed to provide local electoral registration content to social media users.

The Board's performance management framework is reviewed regularly to drive continuous improvement and ensure effective monitoring of progress and outcomes against stated objectives. Reporting arrangements include regular updates to the Board, the Electoral Commission, the Electoral Management Board, the Cabinet Office, the Scottish Government, and online publication of annual performance reports.

Protocols are in place to meet requests made under the Freedom of Information Act and, through the Scottish Assessors Association, Assessors have established procedures to improve the response standards where common requests for information are made.

As part of the Equalities mainstreaming regime progress has been made towards capturing service user feedback that will inform future service design and delivery.

Governance Principle 3 - defining outcomes in terms of sustainable economic, social and environmental benefits.

The Board, being focussed around delivery of specialised valuation and registration services has a limited role to play in the wider community planning aspects anticipated by the governance framework set out by CIPFA/Solace. The Board is therefore conscious of the need to ensure that its mode of operation and the delivery of the valuation and registration services reflect the responsibilities towards the communities in Grampian in terms of devolved service delivery models that support the sustainability of communities across the whole region and minimise natural resource demands. In terms of the two specialised services the Board delivers, they are foundation stones to local government and democracy at local, national and international levels, as they provide the means to raise local taxation and to conduct elections/referendums.

Operational outcomes for these services are essentially driven by statute and it is pertinent to this governance principle to note that legislation has now been laid to reform local taxation³ and electoral registration⁴ and thus improve sustainability and economic and social benefits.

The pandemic and the organisation's response to it continued to be a focus for all stakeholders during 2021/22. The implementation of local taxation reforms has continued to be the subject of scrutiny during the last year and, through the work of the various committees of the Scottish

³ [Non-Domestic Rates \(Scotland\) Act 2020 \(legislation.gov.uk\)](https://legislation.gov.uk)

⁴ [Elections Act 2022 Stages - Parliamentary Bills - UK Parliament](#)

ANNUAL GOVERNANCE STATEMENT (continued)

Assessors Association, the Assessor and his team have continued to work with other stakeholders to ensure that the new system is implemented at a local and national level and is sustainable and effective. Work in connection with the new information gathering powers continued throughout 2021/22 and procedures are now in place to ensure that a comprehensive and robust information gathering regime is in place ahead of the revaluation of non-domestic properties effective from 1 April 2023.

After a period of significant legislative changes to address social and democratic inequalities, including the introduction of individual electoral registration in 2014, the enfranchisement of 16 and 17 year olds in Scotland in 2016, major reforms to the annual canvass in 2020 and the widening of the franchise in Scotland to include prisoners and non-European Union (EU) and non-Commonwealth foreign nationals during 2020⁵, electoral registration during 2021/22 was relatively settled. However, electoral registration officers, through the SAA Electoral Registration Committee, were represented on various groups involved in the development of procedures in connection with what is now the Elections Act 2022.

Governance Principle 4 - determining the interventions necessary to optimise the achievement of intended outcomes.

As a specialised outcome-orientated organisation, our activities of producing, maintaining, and defending Valuation Rolls, Valuation Lists and Electoral Registers essentially drive the organisation's agenda. The Board and the Assessor & ERO recognise the financial challenges they face and through established reporting arrangements ensure that Board members have full detail of resource inputs and performance outputs. Regular and detailed financial reports are made available to the Board and the outcomes for the organisation that are essentially driven by statute are monitored in terms of performance.

The Management Team focus on these outcomes and work closely to innovate and optimise them. Innovation and agility continued to be key requirements to maintain service delivery during 2021/22, particularly as the majority of colleagues remained working from home. Innovation and agility will remain key requirements during 2022/23 and beyond as NDR reforms continue to be implemented.

Governance Principle 5 - developing the entity's capacity, including the capability of its leadership and the individuals within it.

Roles of elected members and officers are clearly defined and constructive working relationships are achieved to ensure clear relationships between the Board, the Assessor & ERO, corporate stakeholders and the public.

Standing orders regulate the form and content of board meetings and the Board's financial regulations provide a framework for financial decisions. Performance reports are made at each board meeting and the Board's key performance indicators are subject to regular periodic review.

As part of its commitment to lifelong learning and to foster a personal development culture and seek to retain personnel, the organisation operates an internal recruitment procedure that encourages personal development and ultimately improve leadership capacity.

New employees receive induction training on arrival and in the majority of cases are able to participate in a career grade development scheme that seeks to promote personal and

⁵ [Scottish Elections \(Franchise and Representation\) Act 2020 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2020/22/contents)

ANNUAL GOVERNANCE STATEMENT (continued)

professional development. Surveyors, who are members of the Royal Institution of Chartered Surveyors (RICS), are subject to additional compulsory continuing professional development training that is monitored by the RICS.

The organisation's training officer is responsible for monitoring training provision and recording progress. The training officer is also responsible for identifying appropriate training opportunities.

During 2021/22, the organisation put forward its largest single cohort of candidates for the Association of Electoral Administrators Certificate in Electoral Administration, a welcome development which will ensure the organisation has a more qualified and knowledgeable workforce in what is a very specialised field.

Functions and roles of statutory posts including the Clerk, Treasurer and Assessor & ERO are clearly defined and the postholders work closely together to achieve the objectives of the organisation.

Governance Principle 6 - managing risks and performance through robust internal control and strong public financial management.

The Board's decision-making process is well established with governance, finance and performance issues being reported at board meetings that take place in public (unless exempt under statutory provision) and the board reports are published online and made available to the media. Rules and procedures govern how decisions are made and appropriate legal, financial and other professional advice is considered as part of the decision-making process. Scrutiny is secured through internal and external audit.

Decisions of the Assessor & ERO are subject to public scrutiny, scrutiny via appeal and complaint processes to the respective judicial bodies and external stakeholders that monitor performance such as the Electoral Commission and the Electoral Management Board for Scotland. In addition, the SAA website provides practice notes that provide details on how rateable values are determined and allows individual taxpayers to look up the assessment of every non-domestic and domestic property in Scotland and the valuations of an increasing number of different subject types.

The Board and the Assessor & ERO reported on performance to the Electoral Commission, the Cabinet Office, the Scottish Government and the Scottish Information Commissioner during 2021/22.

Risk management is a fundamental part of the organisation's decision-making process and as such is a standing item on the Assessor & ERO's management team agenda, with the Board reviewing the risk register on an annual basis.

To control and mitigate against risk, the Board's system of internal control is based on a framework of financial regulations that are revised and updated periodically and supplemented by regular management information, administrative procedures, management supervision and a code of corporate governance. Establishing and maintaining an effective system of internal control is a management function. The Board, through its consideration of reports by internal and external auditors, monitors the effectiveness of internal control procedures.

Policies to combat fraud, theft, bribery and corruption are in place, not only in order to protect public finance, but also to ensure the veracity of the statutory rolls, lists and registers that the Assessor & ERO is required to provide. The Assessor & ERO works closely with Police

ANNUAL GOVERNANCE STATEMENT (continued)

Scotland at a local and national level. IT resilience and effectiveness were strengthened during 2021/22 with Aberdeenshire Council's IT section taking responsibility for managing the Board's IT infrastructure and providing IT support to users. Further integration in this regard is planned for 2022/23.

A performance management system is in place which calls for reporting of established performance measures to the Board at quarterly intervals throughout the year. An annual Public Performance Report is also published.

The Board's governance arrangements have been developed and maintained to comply with the core functions of various good framework guidelines including Code of Practice on Managing the Risk of Fraud and Corruption, Public Sector Internal Audit Standards (incorporating the principles of the Role of the Head of Internal Audit), Audit Committees: Practical Guidance for Local Authorities and Police, etc.

Strong financial management procedures are secured through the work of the Treasurer appointed in terms of s95 of the Local Government (Scotland) Act 1973. This officer provides advice to the Board and the Assessor & ERO on all financial matters and ensures the timely production and reporting of budget estimates, budget monitoring reports and annual accounts.

Governance Principle 7 - implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Board business is conducted through an established cycle of quarterly meetings. These meetings were all held online during 2021/22. Meeting dates are published in advance. Reports follow a corporate style and include: the purpose of the report, information relevant to the matter under consideration, a conclusion and recommendations. Minutes of meetings are prepared by a member of Moray Council's Committee Services team on behalf of the Clerk and made available on Moray Council's website with links also available via the Board's website.

Information is disseminated in many forms and targeted at different audiences for different purposes, ranging from statutory returns that follow prescribed layouts, through to media releases and presentations which may be focussed on specific groups of service users. The organisation's website is regularly updated with news items to ensure that the Grampian community is kept up to date with pertinent information.

Assurance and accountability oversight is a key role for the Board which comprises members from a variety of political backgrounds. The Board receives reports on the work of the internal auditor and the external auditor placing particular focus on recommendations arising from audit work and on the corrective actions proposed by the officials of the Board.

Review of effectiveness of governance arrangements

The review of effectiveness of the governance framework including the system of internal control is pursued throughout the year by various means involving:

- **The Board**

In practice, governance arrangements are monitored over the year with Board meetings taking place four times during each year. The Board consists of members from each of the three councils and from across the political spectrum and considers reports on financial and

ANNUAL GOVERNANCE STATEMENT (continued)

operational performance and governance matters. It also examines the annual public performance and audit reports.

- **The Management Team**

The management team which has overall responsibility for good governance arrangements, currently comprises the Assessor & ERO, two Depute Assessors & EROs, three Assistant Assessors and the Principal Admin Officer. The management team has now reverted to meeting on a quarterly basis.

- **The Assessor & ERO**

The Assessor & ERO has the statutory responsibility for the Valuation Rolls, Valuation Lists and Electoral Registers. The Assessor is essentially the chief executive for the organisation and has a wide range of financial, personnel, governance and reporting responsibilities.

- **The Treasurer**

The Treasurer has statutory responsibility for the Board's financial affairs in terms of Section 95 of the Local Government (Scotland) Act 1973. This officer provides relevant financial advice and support to the Assessor & ERO and elected members at meetings of the Board and otherwise as required. The Board's financial management arrangements generally conform to the governance requirements of the CIPFA statement on the role of the chief financial officer, and whilst the Treasurer is not a member of the management team, she is actively involved in, and is able to influence, decision-making processes.

The Treasurer is responsible for ensuring that an effective system of internal financial control is maintained. 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 detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. The system includes comprehensive budget setting and monitoring arrangements and the preparation of regular financial reports indicating actual expenditure against forecasts that are reported at each board meeting.

- **Internal Audit**

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Board on the control environment comprising risk management, internal control, and governance by evaluating its effectiveness in achieving the organisation's objectives.

It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

The Internal Audit Manager is accountable on a day-to-day basis to the Treasurer and to the Board. Internal Audit operates in accordance with Public Sector Internal Audit Standards and in line with the requirements of the Standards is subject to periodic external inspection.

ANNUAL GOVERNANCE STATEMENT (continued)

Internal audit and the subsequent report by the external auditors in their annual audit letter and in other reports, informs the effectiveness of the financial control environment as an element of the Board's governance arrangements. No fundamental control weaknesses were reported during the period covered by this statement. It is the opinion of the Internal Audit Manager that reasonable assurance can be placed on the Board's internal financial control systems in place for the year ended 31 March 2022.

- **External Agencies**

In addition to the various internal review processes and the financial audit referred to above, there are a number of bodies that the organisation is required to report to/submit governance arrangement for approval. The Scottish Information Commissioner collects data on requests and responses under Freedom of Information and Environmental Information legislation and will intervene where it considers enforcement action is required. The Keeper of Records reviews and approves records management arrangements.

The way the organisation delivers its valuation and registration services is also subject to scrutiny by external agencies, with the valuation assessment aspect reported to the Scottish Government and subject to a case-by-case scrutiny on appeal and the Electoral Commission and Electoral Management Board reviewing and reporting on the performance of the ERO.

This organisation has possibly one of the largest service communities in the Grampian area providing registration services to over 448,000 citizens, and property valuation assessments for over 320,000 properties. Such a wide and comprehensive reach throughout the Grampian region also provides a barometer for the success or otherwise of the organisation's service delivery.

Significant governance issues

Securing good governance continues to be of prime importance to elected members, senior officials of the Board and members of the management team. It is a significant task, particularly at a time when budgets are under significant pressure and major changes such as NDR and electoral reform are being implemented.

In the 2020/21 governance statement, the key challenges facing the organisation for 2021/22 were to:

- Continue to meet all operational demands whilst not compromising employee or public safety during the Covid-19 pandemic.
- Continue to upgrade our operational capacity in terms of workforce, processes and IT systems to meet the challenges of moving to a 3-yearly revaluation cycle for Revaluation 2023.
- Maintain the drive to improve and streamline our governance arrangements, progress equalities mainstreaming and performance monitoring and complete the work to widen our existing customer consultation framework.
- Continue in the work to maximise the effectiveness of the new electoral registration system in order to capitalise upon information sources and build upon the groundwork of the 2020/21 online landing page to streamline voter contact and engagement.
- Continue to manage the resourcing required to ensure that this organisation meets all

- **ANNUAL GOVERNANCE STATEMENT (continued)**

statutory commitments.

The requirement to meet all operational demands whilst not compromising employee or public safety during the second year of the Covid-19 pandemic proved challenging. The workforce continued to be largely home-based and the development of plans to move back into offices during 2021 had to be reconsidered in light of government guidance. In contrast to some public sector bodies' responses to the pandemic, the organisation continued to offer a full range of communication options to service users during normal business hours, including telephone, email and post and continued to deliver services across all areas of operational activity. Site visits and door-to-door canvass activities resumed during 2021/22 with appropriate risk assessments and mitigation in place.

Workforce recruitment proved successful for administrative and technical posts during 2021/22 but despite multiple rounds of advertising, recruitment of suitably qualified valuation staff has been less so. Development of IT systems has continued as has the adaptation of working practices to meet the challenges of working from home. Lessons learned from this will inform future process changes and IT developments.

Work to improve and streamline governance arrangements, progress mainstreaming and performance monitoring and widen the customer consultation framework continued to be slow. The availability of HR resources remained at a reduced level and continued to have an impact on the refresh of governance policies. Progress has however been made in the latter stages of 2021/22 and will continue during 2022/23 and beyond.

Progress to optimise the new electoral registration system was not as significant as hoped but we are now in a better position to investigate and assess the benefit of additional information sources during 2022/23.

The organisation continued to face challenges during 2021/22 but has learned from the experiences of the challenges from 2020/21, including the delivery of registration services ahead of the local government elections in May 2022 while staff remained home-based. Although challenging, non-domestic appeal disposal by the revised deadline 31 December 2021 was successful and preparation work for the 2023 Revaluation is well underway. The variation and rescheduling of the demands on the organisation do challenge resource management but close monitoring, management and reporting along with a degree of flexibility ensured that appropriate resourcing was in place and that all commitments were met.

COVID-19

The Covid-19 pandemic impacted the way we delivered our business-as-usual services during 2021/22, and this continues into 2022/23. The desire to keep staff and customers safe during this period, while at the same time delivering our statutory services and adhering to government guidance, was at the forefront of the decisions that we made. The logistics of this meant that significant changes in how and where we delivered our services had to be considered and implemented. As we emerge from the pandemic, like other public sector organisations, we aim to maintain our resilience to the challenges arising from it and ensure that the organisation and our people are in the best possible shape going forward.

Looking ahead the key challenges for 2022/23 are:

- Continue to meet all operational demands whilst not compromising employee or public safety as we exit the Covid-19 pandemic.

ANNUAL GOVERNANCE STATEMENT (continued)

- Continue to upgrade our operational capacity in terms of workforce, processes and IT systems to meet the challenges of moving to a 3-yearly revaluation cycle.
- Upgrade systems and working practices to deal with the new 2 stage proposal and appeal system which comes into force on 1 January 2023.
- Maintain the drive to improve and streamline our governance arrangements, progress equalities mainstreaming and performance monitoring and complete the work to widen our existing customer consultation framework.
- Continue the work to maximise the effectiveness of the electoral registration system in order to capitalise upon information sources and to enhance and develop the online voting information pages of our website to streamline voter contact and engagement.
- Manage the resources that will be required to manage the changes brought in by the Elections Act 2022.
- Continue to manage the resourcing required to ensure that this organisation meets all statutory commitments.

Concluding Remarks

In our respective roles as Convener of the Board and Assessor & ERO, we are committed to good governance and recognise the contribution it makes to securing delivery of service outcomes in an effective and efficient manner. This annual governance statement summarises current governance arrangements, provides evidence of progress and affirms our commitment to ensuring that the Board's governance framework is responsive to the dynamic and challenging environment in which we serve.

Donald Gatt

Councillor Donald Gatt
Convener
27 January 2023

Mark Adam

Mark J Adam MRICS AEA (Cert - Scotland)
Assessor & Electoral Registration Officer
27 January 2023

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 2014.

All information disclosed in the tables 1 to 6 in this Remuneration Report is audited by the external auditors, Audit Scotland. The other sections of the Remuneration Report are reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

Remuneration of Councillors, Senior Councillors, Convener and Depute Convener

The remuneration of councillors is regulated by The Local Governance (Scotland) Act 2004 (Remuneration and Severance Payments) Amendment Regulations 2018. These regulations set out the amounts a councillor may be paid for being a Convener or Depute 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 Moray Council. The local authority of which the Convener or Depute 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. £23,257 per annum. The Depute 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. £22,095 per annum. These rates are effective for the year ending 31 March 2022.

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

Councillor Leadbitter was Convener of the Grampian Valuation Joint Board during the year. He received a Special Responsibility Allowance from Moray Council. This allowance is paid for in full by Moray Council and will be included in their remuneration report. Consequently no additional award is due for undertaking duties for the Valuation Board.

Councillor Cormie was Depute Convener. The Board pays a Special Responsibility Allowance to the Depute Convener of the Board. Details of his salary are included in the remuneration report for Aberdeen City Council.

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 of Senior Councillors, Convener and Depute Convener (Table 1)

Councillor Name and Responsibility	Total Remuneration 2020/21	Salary, fees and allowances	Total Remuneration 2021/22
	£	£	£
Councillor Cormie Depute Convener	3,350	3,491	3,491
Total	3,350	3,491	3,491

No taxable expenses were paid in 2021/22 or in 2020/21.

Remuneration of Councillors (Table 2)

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.

Type of Remuneration	2020/21	2021/22
	£	£
Salaries	3,350	3,491
TOTAL	3,350	3,491

Remuneration of Senior Employees

The Local Authority Accounts (Scotland) Amendment Regulations 2014 require remuneration information to be disclosed for senior employees as defined below:

- 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 3 below.

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 remuneration levels and pay scales are set locally and were last agreed by the Board on 23 January 2004.

Remuneration of Senior Employees of the Board (Table 3)

Name and Post Title	Total Remuneration 2020/21	Salary, fees and allowances 2021/22	Taxable Expenses 2021/22	Total Remuneration 2021/22
	£	£	£	£
Mark Adam Depute Assessor & ERO (until 31/5/21) Assessor & ERO (from 1/6/21)	82,504	122,264	822	123,086
Ian Milton Assessor & ERO (left 31/5/21)	116,066	19,209	137	19,346
Gavin Oag Depute Assessor & ERO	91,061	104,062	822	104,884
Jim Barron Depute Assessor & ERO (from 1/10/21)	-	41,353	411	41,764
TOTAL	289,631	286,888	2,192	289,080

The Treasurer and the Clerk to the Board do not receive remuneration from the Valuation Joint Board. The duties of the posts are covered by the post holders' substantive posts in Moray Council. Details of their salaries are included in the remuneration report for Moray Council.

Pension Benefits

Pension benefits for Councillors and Local Government employees are provided through the North East Scotland Pension Fund, a Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. For benefits earned up to 31 March 2022, 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 pay a contribution to the Pension Fund for the Convener and Depute Convener's pensions if they are members of the scheme and this is based on a percentage of the cost of the Special Responsibility Allowance. Details are shown on Table 4 below.

For local government employees, up until 31 March 2015 pension benefits accrued are based on final salary. 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. Benefits earned from 1 April 2015 are based on 'career average'. The scheme's normal retirement age for both councillors and employees is 65 for benefits up to 31 March 2015 and the State Pension Age for benefits built up after 1 April 2015.

The Scottish Public Pension Authority issued a table for the amended 2021/22 employee contribution rates, to be used from 1st April 2020, using the member's actual take home pay as at 1st April 2020. Prior to this, from 1 April 2009, a five tier contribution system was used, 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.

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.

A LGPS member's contribution depends upon his or her full time equivalent pay. The tables of rates for 2020/21 and 2021/22 are shown below.

Pension Benefits (continued)

Tiered Contribution Pay Rates

Whole time pay 2020-21	Contribution rate 2020/21	Whole time pay 2021-22	Contribution rate 2021/22
On earnings up to and including £22,852	5.50%	On earnings up to and including £22,955	5.50%
On earnings above £22,853 and up to £29,683	Between 5.6% - 6.0%	On earnings above £22,956 and up to £29,857	Between 5.6% - 6.0%
On earnings above £29,684 and up to £37,262	Between 6.1% - 6.5%	On earnings above £29,858 and up to £37,474	Between 6.1% - 6.5%
On earnings above £37,263 and up to £52,567	Between 6.6% - 7.5%	On earnings above £37,475 and up to £52,876	Between 6.6% - 7.5%
On earnings above £52,568 and up to £59,221	Between 7.6% - 8.0%	On earnings above £52,877 and up to £59,569	Between 7.6% - 8.0%
On earnings above £59,222 and up to £79,296	Between 8.1% - 9.0%	On earnings above £59,570 and up to £79,762	Between 8.1% - 9.0%
On earnings above £79,297 and up to £119,961	Between 9.1% - 10.0%	On earnings above £79,763 and up to £120,666	Between 9.1% - 10.0%
On earnings above £119,962	10.1% and over	On earnings above £120,667	10.1% and over

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. Up until 31 March 2015, the accrual rate guarantees a pension based on 1/60th of the final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of the final pensionable salary and years of pensionable service). From 1 April 2015, the accrual rate guarantees a pension of 1/49th of pensionable pay for each year. At the end of each year the benefits are revalued and increased by inflation.

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.

Pension Benefits (continued)

Senior Councillors (Table 4)

	In-year pension contributions	
	For the year to 31 March 2021	For the year to 31 March 2022
	£	£
Councillor Cormie Depute Convener	647	625
Total	647	625

The above amounts show the in-year contributions relating to the Special Responsibility Allowance shown in Table 1. The total pension benefits relating to Councillor Cormie are detailed in the remuneration report of Aberdeen City Council.

Senior Employees (Table 5)

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 2021	For the year to 31 March 2022		As at 31 March 2022	Difference from March 2021
	£	£		£	£
Mark Adam Depute Assessor & ERO (until 31/3/21) Assessor & ERO (from 1/6/21)	15,737	21,330	Pension	55,773	13,920
			Lump Sum	96,791	25,240
Ian Milton Assessor & ERO (left 31/5/21)	22,217	3,703	Pension	61,498	392
			Lump Sum	106,666	-
Gavin Oag Depute Assessor & ERO	17,391	17,584	Pension	44,218	2,530
			Lump Sum	65,707	578
Jim Barron Depute Assessor & ERO (from 1/10/21)	-	7,981	Pension	31,997	5,468
			Lump Sum	47,433	7,623
Total	55,345	50,598		510,083	55,751

Pension Benefits (continued)

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.

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 below.

General Disclosure by Pay Band (Table 6)

The Table includes the remuneration of the senior employees detailed in Table 3.

Remuneration Band	Number of Employees	
	2020-21	2021-22
£50,000 - £54,999	8	5
£55,000 - £59,999	1	1
£60,000 - £64,999	3	1
£70,000 - £74,999	-	1
£80,000 - £84,999	1	-
£90,000 - £94,999	1	-
£100,000 - £104,999	-	1
£115,000 - £119,999	1	-
£120,000 - £124,999	-	1
	15	10

Donald Gatt

Councillor Donald Gatt
Convener
27 January 2023

Mark Adam

Mark J Adam MRICS AEA (Cert - Scotland)
Assessor & Electoral Registration Officer
27 January 2023

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. This differs from the expenditure to be funded from the requisitions raised by the Board from the three constituent Local Authorities in accordance with statute. The effect on the General Fund is shown in the Movement in Reserves Statement and Note 7 Expenditure and Funding Analysis and Adjustments between Accounting Basis and Funding Basis under Regulations.

			2020/21				2021/22
£000	£000	£000		£000	£000	£000	
Expenditure	Income	Net		Expenditure	Income	Net	Note
4,598	(379)	4,219	Rating and Council Tax Valuation and Electoral Registration	4,760	(200)	4,560	
4,598	(379)	4,219	Cost Of Services	4,760	(200)	4,560	
96	(1)	95	Financing and Investment Income and Expenditure	-	(12)	(12)	10
		(4,042)	Requisitions and Non-Specific Grant Income			(4,363)	20
		272	Deficit/(Surplus) on Provision of Services			185	8
		(4,603)	Remeasurement of the Net Defined Benefit Liability			49	23
		(4,603)	Other Comprehensive (Income) and Expenditure			49	
		(4,331)	Total Comprehensive (Income) and Expenditure			234	

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

This Statement shows the movement in the year on the different reserves held by the Board, analysed into usable reserves (those that can be applied to fund expenditure) and unusable reserves. The Statement shows how the movements in the year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable against requisitions for the year. The Increase or Decrease line shows the statutory General Fund movements in the year.

2020/21	General Fund £000	Total Usable Reserves £000	Unusable Reserves (Note 16) £000	Total Board Reserves £000
Balance at 31 March 2020	314	314	(3,647)	(3,333)
Total Comprehensive Income and Expenditure	(272)	(272)	4,603	4,331
Adjustments to usable reserves permitted by accounting standards	5	5	(5)	-
Adjustments between accounting basis & funding basis under regulations (Note 7)	331	331	(331)	-
Increase / (Decrease) in Year	64	64	4,267	4,331
Balance at 31 March 2021	378	378	620	998
2021/22	General Fund £000	Total Usable Reserves £000	Unusable Reserves (Note 17) £000	Total Board Reserves £000
Balance at 31 March 2021	378	378	620	998
Total Comprehensive Income and Expenditure	(185)	(185)	(49)	(234)
Adjustments to usable reserves permitted by accounting standards	5	5	(5)	-
Adjustments between accounting basis & funding basis under regulations (Note 7)	429	429	(429)	-
Increase / (Decrease) in Year	249	249	(483)	(234)
Balance at 31 March 2022	627	627	137	764

BALANCE SHEET AS AT 31 MARCH 2022

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.

31 March 2021		31 March 2022	
£000	Note	£000	
748	Property, Plant & Equipment	11	730
8	Other Long Term Assets	23	-
756	Long Term Assets		730
39	Short Term Debtors	12	90
1,367	Cash and Cash Equivalents	13	1,380
1,406	Current Assets		1,470
(1,164)	Short Term Creditors	14	(933)
(1,164)	Current Liabilities		(933)
-	Other Long Term Liabilities	23	(503)
-	Long Term Liabilities		(503)
998	Net Assets/(Liabilities)		764
	Usable reserves	16	
378	General Fund		627
378	Total		627
	Unusable Reserves	17	
252	Revaluation Reserve		247
495	Capital Adjustment Account		482
8	Pensions Reserve		(503)
(135)	Employee Statutory Adjustment Account		(89)
620	Total		137
998	Total Reserves		764

The notes on Pages 39 to 66 form part of the Financial Statements.

The Unaudited Annual Accounts were issued on 17 June 2022 and the audited Annual Accounts were authorised for issue on 27 January 2023 by Lorraine Paisey, Treasurer. Any events that would affect the Balance Sheet at 31 March 2022 have been considered up to this date.

Lorraine Paisey

**Lorraine Paisey CA
Treasurer**

27 January 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

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 2021		31 March 2022
£000		£000
(272)	Net surplus/(deficit) on the provision of services	(185)
1,036	Adjust net deficit on the provision of services for non cash movements (Note 19)	214
<u>764</u>	Net cash flows from Operating Activities	<u>29</u>
(48)	Investing Activities	(16)
<u>716</u>	Net increase/(decrease) in cash and cash equivalents	<u>13</u>
651	Cash and cash equivalents at the beginning of the financial year	1,367
<u>1,367</u>	Cash and cash equivalents at the end of the financial year	<u>1,380</u>

NOTES TO THE ACCOUNTS

Note 1 Accounting Policies

1 General Principles

The Annual Accounts summarise the Board's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 requires 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 2021/22 and the Service Reporting Code of Practice 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. The principal accounting policies have been applied consistently throughout the year. The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of property, plant and equipment.

2 Accruals of Income and Expenditure

Income and expenditure 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.

3 Charges to Revenue for Non-Current Assets

The service is charged with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

4 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.

5 Cash and Cash Equivalents

The Board uses 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 2022.

Note 1 (continued)

6 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. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

7 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 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.

8 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 Annual Accounts should follow the going concern basis of accounting.

9 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.

10 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.

11 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.

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

The Code requires the Board to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts. This applies to the adoption of the following new or amended standards within the 2021/22 Code:

- Annual Improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 First time adoption
 - IAS 37 Onerous Contracts
 - IFRS 16 Leases
 - IAS 41 Agriculture

The Code requires implementation from 1 April 2022 and there is, therefore, no impact on the 2021/22 Financial Statements.

The above amendments are not anticipated to have a material impact on the information provided in 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 Annual Accounts are:

- Assets held at current value are revalued on a five year basis as set out in the accounting policy for Property, Plant and Equipment. Moray Council's Estates Manager, who undertakes valuations on behalf on the Board and is a qualified RICS valuer, asserts that the carrying amount does not materially differ from that which would be determined using current value.

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

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

Note 4 (continued)

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 and are detailed in Note 23.

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 to the accounts. The following items are regarded as material:

	2020/21	2021/22
Nature	£000	£000
Grant income from the UK Government for Individual Electoral Registration (IER)	232	-
Grant income from the Scottish Government	134	186
Barclay Implementation Funding (included in requisitions)	117	453

Grant income from the Scottish Government was used in 2021/22 for preparing for the Local Government elections in May 2022. The Barclay Implementation Funding was paid to the three local authorities, and requisitioned in full by the Board, to implement the recommendations from the Barclay review of Non Domestic Rates. Unspent Barclay Funding in 2021/22 will be put to the earmarked reserve and used in future years.

Note 6 Events After The Reporting Period

The unaudited Annual Accounts were issued on 17 June 2022 and the audited Annual Accounts were authorised for issue on 27 January 2023 by Lorraine Paisey, 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 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 7 Expenditure and Funding Analysis and Adjustments between Accounting Basis and Funding Basis under Regulations

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (requisitions and government grants) by the Board in comparison with those resources consumed by the Board in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making.

Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

31 March 2021					31 March 2022				
Net Expenditure chargeable to General Fund £000	Adjustments between Funding and Accounting Basis £000	Adjustments to usable reserves permitted by accounting standards £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure chargeable to General Fund £000	Adjustments between Funding and Accounting Basis £000	Adjustments to usable reserves permitted by accounting standards £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	
3,979	235	5	4,219	Rating and CT valuation & Electoral Registration	4,122	433	5	4,560	
3,979	235	5	4,219	Net Cost of Services	4,122	433	5	4,560	
(4,043)	96	-	(3,947)	Other Income and Expenditure	(4,371)	(4)	-	(4,375)	
(64)	331	5	272	(Surplus) or Deficit	(249)	429	5	185	
(314)				Opening Balance	(378)				
(64)				(Surplus) or Deficit	(249)				
(378)				Closing Balance	(627)				

Note 7 (continued)

Adjustments between the Funding and Accounting Basis

	2020/21			
	Adjustment for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Rating and CT valuation & Electoral Registration	(23)	222	36	235
Net Cost of Services	(23)	222	36	235
Other Income and Expenditure	-	96	-	96
Difference between the General Fund Deficit and the Comprehensive Income and Expenditure Statement (Surplus) or Deficit	(23)	318	36	331

	2021/22			
	Adjustment for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Rating and CT valuation & Electoral Registration	13	466	(46)	433
Net Cost of Services	13	466	(46)	433
Other Income and Expenditure	-	(4)	-	(4)
Difference between the General Fund Deficit and the Comprehensive Income and Expenditure Statement (Surplus) or Deficit	13	462	(46)	429

Note 7 (continued)

a) Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line.

b) Net Change for the Pensions Adjustments

This column reflects the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related income and expenditure.

For the service this reflects the removal of the employer pension contributions made by the Board as allowed by statute and the replacement with current service costs and past service costs.

c) Other Differences

This column adjusts for differences between the amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable recognised under statute.

For the service this reconciles the impact of accruals for accumulating compensated absences e.g. holiday pay as required by IAS19 Employee Benefits, to the salaries actually payable in the financial year in accordance with statute.

Note 8 Expenditure and Income Analysed by Nature

The Board's expenditure and income is analysed as follows:

Expenditure and Income

	2020/21 £000	2021/22 £000
	Rating, Council Tax Valuation and Electoral Registration	Rating, Council Tax Valuation and Electoral Registration
Employee benefit expenses	3,311	3,530
Other service expenses	1,194	1,134
Support service recharges	63	62
Depreciation, amortisation and impairment	30	34
Interest payments	96	-
Total Expenditure	4,694	4,760
Requisitions	(4,042)	(4,363)
Government grants and other service income	(379)	(200)
Interest and investment income	(1)	(12)
Total Income	(4,422)	(4,575)
(Surplus) or deficit on the provision of services	272	185

Note 9 Earmarked Portions of the General Fund

Portions of the General Fund are earmarked for specific purposes as described below. Underspends or overspends against budget for these activities are transferred in or out of the earmarked funds at the year end.

	General Services £000	NDR Reform £000	Total £000
Balance at 31 March 2021	235	143	378
Increase/(Decrease) 2021/22	(16)	265	249
Balance at 31 March 2022	219	408	627

NDR Reform

The purpose of this fund is to ring-fence funding received from constituent authorities to implement reforms from the Barclay Report which followed a review into the non-domestic rates system in Scotland. The Non-Domestic Rates (Scotland) Bill took effect from 1 April 2020.

Note 10 Financing and Investment Income and Expenditure

	2020/21 £000	2021/22 £000
Pensions interest cost/(gain) and expected return on pensions assets	96	(4)
Interest receivable and similar income	(1)	(8)
	95	(12)

Note 11 Property, Plant and Equipment

Recognition

All expenditure on the acquisition, creation, enhancement or replacement of an asset or 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. 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 current value which is Existing Use Value for Land and Buildings and Depreciated Historic Cost for Equipment and Furniture which is used as a proxy for current value.

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 is 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.

Note 11 (continued)

Depreciation

Depreciation is provided for on all items of property, plant and equipment with a finite useful life by the systematic allocation of their depreciable amount over their useful lives. An exception is made for 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.

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

Other Land & Buildings - 35-60 years, land is not depreciated

Vehicles, Plant, Furniture & Equipment - 10 years

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised.

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.

Revaluations

The Board carries out a valuation programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. The last revaluation of Land and Buildings was done with effect from 1 April 2018 and the next revaluation is scheduled during 2023/24. All valuations were carried out by 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. Valuations of vehicles, plant, furniture and equipment are based on depreciated historic cost as a proxy for current values.

Note 11 (continued)

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000
Cost or valuation			
At 1 April 2020	696	290	986
Additions	-	49	49
At 31 March 2021	696	339	1,035
Accumulated Depreciation and Impairment			
At 1 April 2020	28	228	256
Depreciation charge at 31 March 2021	15	16	31
	43	244	287
Net Book Value			
at 31 March 2020	668	62	730
at 31 March 2021	653	95	748
Cost or valuation			
At 1 April 2021	696	339	1,035
Additions	-	16	16
At 31 March 2022	696	355	1,051
Accumulated Depreciation and Impairment			
At 1 April 2021	43	244	287
Depreciation charge at 31 March 2022	15	19	34
	58	263	321
Net Book Value			
at 31 March 2021	653	95	748
at 31 March 2022	638	92	730

Note 12 Short Term Debtors

	2020/21	2021/22
	£000	£000
Prepayments	39	90
	39	90

Note 13 Cash and Cash Equivalents

	2020/21	2021/22
	£000	£000
Temporary Investment in the Moray Council Loans Fund	1,367	1,380

Note 14 Short Term Creditors

	2020/21	2021/22
	£000	£000
Trade Payables	221	228
Other Payables	943	705
	1,164	933

Note 15 Financial Instruments

Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Board and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Board.

The majority of the Board's financial liabilities held during the year are measured at amortised cost and comprised:

- Creditors for requisitions due to be returned to constituent authorities
- Trade payables for goods and services received

Financial Assets

A financial asset is a right to future economic benefits controlled by the Board that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Board. The financial assets held by the Board during the year are accounted for under the following classification:

- Amortised cost (where cash flows are solely payments of principal and interest and the business model is to collect those cash flows) comprising:
 - temporary investment in the Moray Council Loans Fund
 - trade receivables for goods and services provided

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Board.

Financial Instruments – Balances

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

	2020/21	2021/22
	£000	£000
Short Term Creditors - Amortised Cost	630	319

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

	2020/21	2021/22
	£000	£000
Temporary Investment in the Moray Council Loans Fund	1,367	1,380

Note 16 Usable Reserves

General Fund

The creation of a General Fund 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 also acts as a contingency for any unexpected costs in future years. Details of the earmarked reserve can be found in Note 9.

	2020/21	2021/22
Usable Reserves	£000	£000
General Fund	235	219
Earmarked NDR Reform Reserve	143	408
	<hr/> 378	<hr/> 627

Note 17 Unusable Reserves

	2020/21	2021/22
	£000	£000
Revaluation Reserve	252	247
Employee Statutory Adjustment Account	(135)	(89)
Capital Adjustment Account	495	482
Pension Reserve	8	(503)
	<hr/> 620	<hr/> 137

Note 17 (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 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.

	2020/21	2021/22
	£000	£000
Balance at 1 April	257	252
Revaluations		
Difference between fair value depreciation and historical cost depreciation	(5)	(5)
Balance at 31 March	252	247

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.

	2020/21	2021/22
	£000	£000
Balance at 1 April	(99)	(135)
Settlement or cancellation of accrual made at the end of the preceding year	99	135
Amounts accrued at the end of the current year	(135)	(89)
Balance at 31 March	(135)	(89)

Note 17 (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 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.

	2020/21	2021/22
	£000	£000
Balance at 1 April	472	495
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	(25)	(29)
Capital financing in the year:		
Use of government grant to finance new capital expenditure	29	-
Capital Expenditure charged against the General Fund	19	16
Balance 31 March	495	482

Note 17 (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 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.

	2020/21	2021/22
	£000	£000
Balance at 1 April	(4,277)	8
Remeasurements of the net defined benefit liability/asset	4,603	(49)
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	(774)	(928)
Employer's pensions contributions and direct payments to pensioners payable in the year	456	466
Balance at 31 March	8	(503)

Note 18 External Audit Costs

The agreed external audit fee for 2021/22 was £0.008m for work undertaken in accordance with the Code of Audit Practice (2020/21 £0.008m).

Note 19 Cashflow – Analysis of Net Deficit on the provision of services for non cash movements

	2020/21	2021/22
	£000	£000
Depreciation/Impairment charges	(30)	(34)
Pension Liability	(318)	(462)
Increase/(Decrease) in Debtors	-	51
Decrease/(Increase) in Creditors	(688)	231
	<u>(1,036)</u>	<u>(214)</u>

Note 20 Requisition and Grant Income

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

	2020/21	2021/22
	£000	£000
Credited to Requisitions and Non Specific Grant Income:		
Requisition from Aberdeen City Council	1,831	1,890
Requisition from Aberdeenshire Council	2,104	2,160
Requisition from Moray Council	768	792
	<hr/> 4,703	<hr/> 4,842
Returned to constituent authorities:		
Aberdeen City Council	(161)	(187)
Aberdeenshire Council	(185)	(214)
Moray Council	(68)	(78)
	<hr/> (414)	<hr/> (479)
Returned to Scottish Government (NDR)	<hr/> (247)	<hr/> -
Total Requisition & Grant Income	4,042	4,363

Note 21 Leases

Operating Leases – Board as Lessee

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

The Board pays Aberdeenshire Council for the rental of their offices within Woodhill House under the terms of an operating lease. The amount paid under these terms in 2021/22 was £0.125m (£0.125m in 20/21).

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

Note 21 (continued)

	2020/21 £000	2021/22 £000
Not later than one year	125	125
Later than one year and not later than five years	500	500
More than five years	125	-
	750	625

Note 22 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 20. The Board also made payments to the constituent authorities in the normal course of business. The amounts are detailed below:

	2020/21 £000	2021/22 £000
Aberdeen City Council	78	78
Aberdeenshire Council	208	323
Moray Council	90	91

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

Aberdeen City Council	162	187
Aberdeenshire Council	194	215
Moray Council	144	155

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. There were no other material transactions with members other than the allowances shown in the Remuneration Report.

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 for those benefits and must disclose them at the time that employees earn their future entitlement.

The Board participates in the North East Scotland Pension Fund (NESPF), a Local Government Pension Scheme, which is administered by Aberdeen City Council. Up until 31 March 2015 pension benefits accrued are based on final salary. 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. Benefits earned from 1 April 2015 are based on career average salary. The Scheme is a funded defined benefit scheme, 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 period of time.

There are also arrangements in place for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities and cash has to be generated to meet actual pension payments as they eventually fall due.

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 Committee. The Committee is comprised of nine elected members of Aberdeen City Council. Policy is determined in accordance with the Pensions Fund Regulations. Following the introduction of The Local Government Pension Scheme (Governance) (Scotland) Regulations 2015, the Pension Fund took the opportunity to review its governance arrangements. To comply with these regulations, the Pension Fund implemented a Pension Board with representation from Unions and Employers from the 1 April 2015. With the introduction of the Pension Board, the Joint Investment Advisory Committee was disbanded.

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:

Note 23 (continued)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2020/21 £000	2021/22 £000
Cost of Services:		
Past Service Cost	-	83
Current Service Cost and administration expenses	678	849
Financing and Investment Income and Expenditure:		
Net Interest Expense	96	(4)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	774	928
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	(8,457)	173
Remeasurements (liabilities)	3,854	(124)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement.	(4,603)	49
 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	774	928
Actual amount charged against requisitions for pensions in the year	456	466

Note 23 (continued)

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Current Service Cost: The increase in liabilities as a result of years of service earned this year.

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 2021	31 March 2022
	£000	£000
Present value of the defined benefit obligation	(40,846)	(41,103)
Fair value of plan assets	40,854	40,600
Net (liability)/asset arising from defined benefit obligation	8	(503)

Note 23 (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:

	2021	2022
	£000	£000
1 April	(36,369)	(40,846)
Current Service Cost	(669)	(840)
Interest on pension liabilities	(861)	(844)
Remeasurements:		
Experience gain/(loss)	1,657	(80)
Gain/(Loss) on financial assumptions	(5,611)	0
Gain/(Loss) on demographic assumptions	100	204
Contributions by scheme participants	(157)	(155)
Benefits Paid	1,064	1,541
Past Service Cost	0	(83)
31 March	(40,846)	(41,103)

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:

	2021	2022
	£000	£000
1 April	32,092	40,854
Interest on plan assets	765	848
Remeasurements (assets)	8,457	(173)
Administration expenses	(9)	(9)
Employer Contributions	456	466
Contributions by scheme participants	157	155
Benefits Paid	(1,064)	(1,541)
31 March	40,854	40,600

Note 23 (continued)

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

	31 March 2021		
	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Totals £000
U.K. Equities	10,383	-	10,383
Overseas Equities	13,780	-	13,780
U.K Government Bonds	1,635	-	1,635
Other Government Bonds	417	-	417
Other U.K. Bonds	20	-	20
Other non U.K. Bonds	364	-	364
Property	-	2,325	2,325
Private Equity	-	2,169	2,169
Private Debt	-	985	985
Private Equity Infrastructure	-	797	797
Infrastructure Pooled fund	756	-	756
Private Equity Real Estate	-	519	519
Multi Asset Credit	-	3,089	3,089
Diversified Growth Funds	-	2,410	2,410
Cash Instruments	-	1,205	1,205
Total Assets	27,355	13,499	40,854
	31 March 2022		
	£000	£000	£000
U.K. Equities	8,741	-	8,741
Overseas Equities	15,603	-	15,603
U.K Government Bonds	3,329	-	3,329
Other Government Bonds	-	-	-
Other U.K. Bonds	-	-	-
Other non U.K. Bonds	-	-	-
Property	-	2,647	2,647
Private Equity	-	2,513	2,513
Private Debt	-	958	958
Private Equity Infrastructure	-	747	747
Infrastructure Pooled fund	702	-	702
Private Equity Real Estate	-	512	512
Multi Asset Credit	-	3,650	3,650
Diversified Growth Funds	-	-	-
Cash Instruments	-	1,198	1,198
Total Assets	28,375	12,225	40,600

Note 23 (continued)

Basis for Estimating Assets and Liabilities

The most recent valuation was carried out as at 31 March 2020 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 2022. 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 2021	31 March 2022
Financial assumptions:		
Discount rate	2.10%	2.80%
Rate of increase in salaries	4.20%	4.90%
Rate of increase in pensions	2.80%	3.50%
Rate of CPI inflation	2.70%	3.40%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.5	21.5
Women	24.2	24.2
Longevity at 65 for future pensioners:		
Men	23.1	23.0
Women	26.3	26.3

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, and assume for each change that the assumption analysed changes while all the other assumptions remain constant. The assumption in longevity, for example, assumes that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

The effects of a 0.1% increase/decrease in the rate for discounting scheme liabilities, the rate of inflation, and the rate of increase in salaries, a 1 year increase/decrease in life expectancy, and a +/-1% change in the 2021/22 investment returns, are shown in the table below:

Note 23 (continued)

Sensitivity Analysis as at 31 March 2022

	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4	Sensitivity 5	
		+ 0.1% p.a. discount rate	+ 0.1% p.a. inflation	+ 0.1% p.a. pay growth	1 year increase in life expectancy	+1% change in 2021/22 investment returns	-1% change in 2021/22 investment returns
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Liabilities	41,103	40,461	41,755	41,206	42,350	41,103	41,103
Assets	(40,600)	(40,600)	(40,600)	(40,600)	(40,600)	(41,001)	(40,199)
Fund Deficit/(Surplus)	503	(139)	1,155	606	1,750	102	904

Note 23 (continued)

Funding Strategy Statement (FSS)

The FSS sets out how the administering authority balances the potentially conflicting aims of affordability of contributions, transparency of process, stability of employers' contributions, and prudence in the funding basis.

The Pension Committee's 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 2020 and the results indicate that overall the assets represented 107% 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 asset proportions of the Fund at 31 March 2022, with March 2021 in brackets were: equities, including alternatives 82.3% (85.4%), bonds 8.2% (6.0%), property 6.5% (5.7%) and cash 3.0% (2.9%). This is based on the Board's proportion of assets held as supplied by the actuary, rather than the proportions held by the fund as a whole.

Impact on the Board's Cash Flows

While the Fund's main objective is to ensure solvency of the NESPF they also aim to keep employers' contributions at as constant a rate as possible. Following the 2020 valuation the Pensions Committee has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over an average surplus spread period of 24 years and have maintained an employer contribution rate requirement of 19.3% for local authorities across the scheme. During the valuation process employer rates are set for a period of three years with the next triennial valuation due as at 31 March 2023 to determine a funding level and set the rates for 2024/25 onwards.

The projected employer contributions expected to be made to the Local Government Pension Scheme in the year to 31 March 2023 is £0.466m.

The weighted average duration of the liabilities for scheme members at the 31 March 2022 valuation is 16 years.

GLOSSARY OF TERMS

EXPENDITURE

Employee Benefit Expenses

Includes direct and indirect employee expenses.

Direct expenses include salaries and overtime, employer's national insurance and superannuation contributions.

Indirect employee expenses include relocation cost, interview expenses, training and staff advertising.

Other Service Expenses

Includes

- rent, rates, repairs and maintenance and premises-related expenditure at the area offices in Banff, Elgin and Woodhill House headquarters.
- all costs associated with the hire or use of transport, including staff travel allowances and public transport and
- the cost of purchasing equipment, furniture and materials used in the operation or administration of the service, including printing and stationery, canvass expenses and valuation appeal panel costs.

Support Services

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

Depreciation

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

INCOME

Requisitions

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

GLOSSARY OF TERMS (continued)

OTHER TERMS

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

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk.

Current Value

For operational land and buildings, current 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.

Independent Auditor's Report

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

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Grampian Valuation Joint Board for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the body as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is six years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

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

Responsibilities of the Treasurer and Grampian Valuation Joint Board for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Reporting on other requirements

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

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

Other information

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

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

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

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Maggie Bruce

Maggie Bruce CA
Senior Audit Manager
Audit Scotland
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27 January 2023

