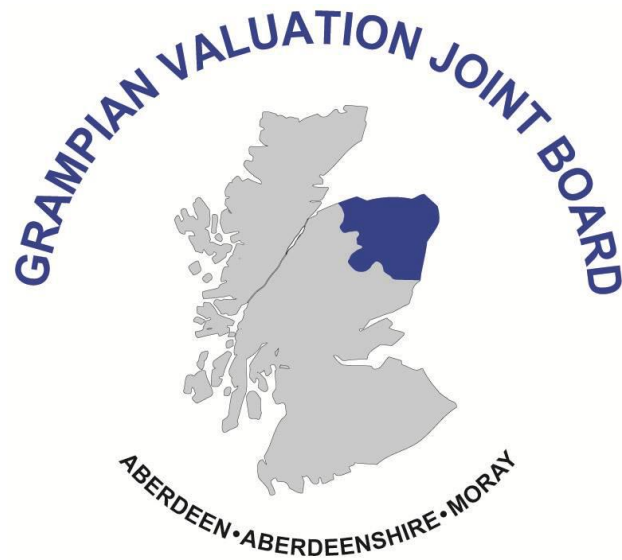


AUDITED ACCOUNTS



GRAMPIAN VALUATION JOINT BOARD

**ANNUAL ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2023**

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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اگر آپ کو مورے کونسل سے کسی دیگر زبان یا صورت میں معلومات درکار ہوں مثلاً "بریلے، آڈیو ٹیپ یا بڑے حروف، تو مہربانی فرما کر رابطہ فرمائیں:



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 2022/23 were:

- Implement a full household canvass;
- Publish revised registers by 1 December 2022;
- Deliver the 2023 general revaluation of all non-domestic properties;
- Preparation for the entry of certain parts of public parks in the valuation roll from 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;
- In liaison with the Valuation Appeal Panel, arrange a schedule of hearings to dispose of a backlog of Council Tax appeals that had been delayed as a result of the pandemic;
- 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;
- Continue to integrate IT systems into Aberdeenshire Council's framework.

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 2022/23.

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

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 to electoral registration activities and these will be reported on annually from 2023/24 onwards.

MANAGEMENT COMMENTARY (continued)

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 electoral registration. The organisation normally operates out of offices in Aberdeen, Banff and Elgin and in 2022/23, operational activity moved from mainly home-based activity due to the pandemic-related restrictions to a hybrid home/office working model.

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 impact of the pandemic the organisation met all the demands placed upon it in terms of valuation assessment and electoral registration during 2022/23.

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 2022 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 followed, that required a response from the household and follow-up actions by the ERO. All properties which required a personal visit were canvassed by a member of the canvass team.

For the 2022 canvass, a total of 398,367 canvass communications were issued, a small increase compared to the 389,584 canvass communications in 2021, but well below the numbers issued prior to the introduction of the reformed canvass model.

MANAGEMENT COMMENTARY (continued)

Publish revised registers by 1 December 2022

Revised registers were published on 1 December 2022 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 December 2020	448,331	88,494
1 December 2021	448,607	119,213
1 December 2022	448,915	119,611

During the period from 1 December 2021 to 30 November 2022, 47,406 additions and 47,428 deletions were made to the registers. During the same period, 37,854 initial invitations to register (ITRs) were issued along with 37,082 first and second reminders. With the resumption of ITR visits following the pandemic, 10,654 potential electors were visited in order to encourage them to register.

Deliver the 2023 general revaluation of all non-domestic properties

2022/23 was an extremely demanding year for the valuation service with a requirement to carry out a general revaluation of some 30,500 non-domestic subjects across Grampian.

Past revaluations were carried out with regard to the levels of value prevailing two years prior to the date the new Roll came into force e.g. for the 2017 Revaluation the “tone” date was 1 April 2015.

Non-domestic rates reform resulting from the Barclay Review meant that, in order to align more closely with the market, revaluations now take place three yearly instead of five yearly and with regard to a “tone” date only one year ahead of the date the new roll was due to come into force i.e. for the 2023 Revaluation that came into force on 1 April 2023, the “tone” date was 1 April 2022.

The consequence of this was a considerably reduced window within which to ingather and analyse evidence and then produce and publish valuations, particularly with a new legal requirement to publish a draft roll on 30 November 2022 and at the same time issue all proprietors, tenants and occupiers with a draft valuation notice before then issuing them with final valuation notices to reflect the published revaluation roll on 15 March 2023. An additional task that also came from the Barclay Review was, for the bulk classes of subject, a requirement, both at the draft and final notice stages, to provide ratepayers with a list of rented properties that had informed the valuation of their own property.

This major task was achieved through the hard work and dedication of colleagues and their willingness to undertake overtime working to cover for a number of vacancies in the valuation team.

Preparation for the entry of certain parts of public parks to the valuation roll from 2023

This was an additional task arising from the Barclay Review of Non-Domestic Rates. From 1 April 2023, under S.5 of the Non-Domestic Rates (Scotland) Act 2020, parts of previously exempt public parks require to be entered in the Valuation Roll. This was a challenging task involving a requirement to identify, survey and value those parts of public parks not in the occupation of the local authority or Crown and the parts of public parks in the occupation of the local authority or Crown where there may be a requirement to pay for access to facilities or for goods or services provided on it.

MANAGEMENT COMMENTARY (continued)

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. Valuer vacancies and the requirement to deliver the 2023 Revaluation, including the survey and valuation of parts of previously exempt public parks, had an impact on the organisation's ability to meet the timescales suggested by the key performance indicators in 2022/23. 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	%	
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
2022/23	527	30.4	338	19.5	867	50.1	1,732
Target		65*		20*		15*	

* Target for 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	%	
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
2022/23	1,938	71.1	623	22.9	164	6.0	2,725
Target		94		3		3	

Despite the challenges of delivering the 2023 Revaluation with a reduced workforce, the organisation has performed very 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.

In liaison with the Valuation Appeal Panel, arrange a schedule of hearings to dispose of a backlog of Council Tax appeals that had been delayed as a result of the pandemic

MANAGEMENT COMMENTARY (continued)

The four Grampian Valuation Appeal Committees each held a number of hearings across the latter part of the year. This, too, was a major challenge for valuation staff, given the other commitments described above. However, the backlog of appeals that arose as a result of the pandemic was largely cleared such that the number to be transferred to the new First Tier Tribunal was minimal.

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 2022/23 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.

Significant development time was devoted to a new requirement for providing ratepayers with lists of rented properties that informed the valuations of their properties.

The transfer of the work of the independent valuation appeal committees to a new chamber in the Scottish Courts and Tribunal Service took effect from 1 April 2023. This move brings with it a change to the appeal procedures in relation to both domestic and non-domestic valuations resulting in a requirement to redesign and improve our in-house appeal databases.

Continue to integrate IT systems into Aberdeenshire Council's framework

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 continues to be undertaken, all with the aim of providing savings to the Board whilst providing a more comprehensive, robust and resilient service to users.

Future challenges

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. The First-tier Tribunal (Transfer of Functions of Valuation Appeal Committees) Regulations 2023 has introduced a particular challenge by reducing to six weeks the period within which a Council Tax proposal must be dealt with.

In relation to valuation for rating, the organisation faces three main challenges in 2022/23.

Firstly, with the transfer of the work of the independent valuation appeal committees to the Scottish Courts and Tribunal Service from 1 April 2023 there is a new two-stage proposals and appeals system with different procedures and tighter deadlines to be managed. Significant IT development work has been carried out to facilitate the new processes.

Secondly, in order to be classed as a Non-Domestic property and liable for Non-Domestic rates instead of Council Tax, the operator of a self-catering property is now required to provide evidence of 70 days of actual letting as well as 140 days of intention to let from 2022-23 onwards. The letting must be on a commercial basis, with a view to the making of profit. This change requires Assessors to request information annually from operators to prove that the tests are satisfied. If the property is not considered to be self-catering it will enter the Council

MANAGEMENT COMMENTARY (continued)

Tax Valuation List, at an appropriate valuation band, and will be liable for Council Tax. The legislation requires that the entry to the Council Tax Valuation List is to be made retrospectively. This will be a significant challenge as there are currently around 1500 Self Catering Unit entries in the Grampian rolls.

Thirdly, a significant volume of appeals against entries in the 2017 rolls remain outstanding and require to be disposed of no later than 31 December 2023.

The current level of vacancies in the valuation team makes these tasks 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.

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, which will result in a significant amount of work. We also await Statutory Instruments regarding changes to postal and proxy voting rules.

The legislative changes described above indicates that operational agility and planning will be the key to the success of the implementation and delivery of the required procedural developments.

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 2023/24 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 dynamic valuation assessment and electoral registration statutory frameworks, challenges in terms of financial resources and, particularly, securing sufficient valuation expertise to deliver our services.

MANAGEMENT COMMENTARY (continued)

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 a member of 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.

Financial Performance

Revenue Expenditure

The Grampian Valuation Joint Board, at its meeting on 4 February 2022, approved the 2022/23 Revenue Budget of £4.896m (2021/22 £4.933m), a decrease of 1%. The requisitions to constituent authorities were set at £4.749m (2021/22 £4.842m) with approved use of reserves of £0.147m. The core budget was set at £4.481m, with an additional £0.268m 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 2022/23 was £4.402m (2021/22 £4.114m) resulting in an underspend of £0.494m for the year. The budgeted use of General Reserve of £0.147m is not required, thus giving an overall variance of £0.347m. Of this total, £0.064m was transferred to the NDR Reserve for future commitments, while £0.005m 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 £0.278m is available to return to the constituent authorities.

The Comprehensive Income and Expenditure Statement shows a deficit of £0.396m on the provision of services for the year. After allowing for the reversal of statutory charges for International Accounting Standard 19 (IAS19) of £0.431m, and depreciation totalling £0.034m, this leaves the £0.005m transferred to the General Fund and £0.064m 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 2023. 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.

MANAGEMENT COMMENTARY (continued)

2021/22		2022/23	2022/23	2022/23
Actual		Budget	Actual	Variance
£000		£000	£000	£000
3,110	Employee Benefit Expenses	3,634	3,333	(301)
1,150	Other Service Expenses (including capital financed from current revenue (CFCR))	1,218	1,065	(153)
62	Support Service Recharges	59	65	6
(8)	Interest and Investment Income	(2)	(33)	(31)
(200)	Government Grants and other Service Income	(13)	(28)	(15)
4,114	Net (Under)/Overspend Against Budget	4,896	4,402	(494)
	Funded by:			
(4,842)	Requisitions	(4,749)	(4,749)	-
-	Approved use of Reserves	(147)	-	147
(728)	Outturn for the year	-	(347)	(347)

The main variances from budget during the year were:

- £0.301m underspend for Employee costs, largely due to staff vacancies and difficulties experienced in recruiting suitably qualified staff.
- There is an underspend of £0.153m on other service expenses, detailed below.
- ICT Maintenance and Supports costs are £0.181m under budget. The IT maintenance and support budget this year included components over and above the routine core ICT budget; including one-off start up costs while the service move to a shared service with Aberdeenshire Council. Many of these costs have not yet been realised due to the timing of the move carrying into 2023/24. Part of this underspend also arises from hardware costs that had been budgeted for new staff, but as previously mentioned, recruitment of staff has been challenging.
- There was an overspend on postages of £0.056m due to the substantial increase in postage costs during the year.
- Printing and stationery costs had an underspend of £0.026m
- The £0.015m variance in income is mainly due to the government grant received to cover costs that will be incurred as a result of new duties placed on EROs by the Elections Act 2022.
- The £0.031m variance in interest income is mainly due to favourable interest rates during the year.
- Of the £0.064m underspend related to NDR reforms, £0.170m is within the employee costs, £0.041m on other expenditure, and without the budgeted use of the earmarked reserve of £0.147m, this gives the underspend of £0.064m.
- Due to the underspend no use of reserves was required.

General Reserve

In setting the 2022/23 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.

MANAGEMENT COMMENTARY (continued)

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 2023 is £0.224m with an additional £0.472m earmarked for the NDR reform Implementation.

Going Concern

The Balance Sheet at 31 March 2023 shows an excess of assets over liabilities of £1.151m (net asset of £0.764m at 31 March 2022). 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.

Donald Gatt

Councillor Donald Gatt
Convener
03 November 2023

Mark Adam

Mark J Adam MRICS AEA (Cert – Scotland)
Assessor & Electoral Registration Officer
03 November 2023

Lorraine Paisey

Lorraine Paisey CA
Treasurer
03 November 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 3 November 2023.

Signed on behalf of the Grampian Valuation Joint Board

Donald Gatt

Councillor Donald Gatt
Convener
03 November 2023

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 2022/23 (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 2023.

Lorraine Paisey CA
Treasurer

Lorraine Paisey

03 November 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 deposes 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 and 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 and 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 and continued into 2022/23. In order to achieve greater transparency and certainty for ratepayers two measures were introduced for the 2023 Revaluation. Firstly, all proprietors, tenants and occupiers of non-domestic properties were provided with a Draft

ANNUAL GOVERNANCE STATEMENT (continued)

Valuation Notice indicating the Rateable Value shown in the Draft Valuation Roll published on 30 November 2022. Secondly, for the majority of subjects valued using the Comparative Method of Valuation, Assessors have published lists of rented properties that informed the basic rate used in valuing their property.

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.

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 electoral 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 taxation¹ and electoral registration² and thus improve sustainability and economic and social benefits.

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 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

¹ [Non-Domestic Rates \(Scotland\) Act 2020 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

² [Elections Act 2022 Stages - Parliamentary Bills - UK Parliament](https://www.parliament.uk)

ANNUAL GOVERNANCE STATEMENT (continued)

throughout 2022/23 and procedures are now in place to ensure that a comprehensive and robust information gathering regime is in place for the future three yearly revaluations of non-domestic properties.

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 2020³, electoral registration during 2022/23 was relatively settled. However, electoral registration officers, through the SAA Electoral Registration Committee, were represented on various groups involved in the development of procedures arising from 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 2022/23, particularly as the majority of colleagues now work on a hybrid home/office basis. Innovation and agility will continue to be key requirements during 2023/24 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 and 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 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.

³ [Scottish Elections \(Franchise and Representation\) Act 2020 \(legislation.gov.uk\)](https://legislation.gov.uk)

ANNUAL GOVERNANCE STATEMENT (continued)

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 2022/23.

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 and ERO works closely with Police 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 2023/24.

ANNUAL GOVERNANCE STATEMENT (continued)

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 2022/23. 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 operational performance and governance matters. It also examines the annual public performance and audit reports.

ANNUAL GOVERNANCE STATEMENT (continued)

- **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 and 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 and 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.

Responsibility for the delivery of the Internal Audit Service is provided by the Audit and Risk Manager of the Moray Council. The Audit and Risk Manager provides the Board with independent assurance on risk management, governance and internal control in line with the Public Sector Internal Audit Standards.

ANNUAL GOVERNANCE STATEMENT (continued)

Internal Audit 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 Audit and Risk Manager that reasonable assurance can be placed on the Board's internal financial control systems for the year ended 31 March 2023.

• 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 330,000 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 2021/22 governance statement, the key challenges facing the organisation for 2022/23 were to:

- 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;

ANNUAL GOVERNANCE STATEMENT (continued)

- Continue to manage the resourcing required to ensure that this organisation meets all statutory commitments;

We successfully met all operational demands as we exited the Covid-19 pandemic whilst moving from mainly home-based to a hybrid home/office approach.

Workforce recruitment proved successful for administrative and technical posts during 2022/23 but despite multiple rounds of advertising, we were unsuccessful in the recruitment of suitably qualified valuation staff.

Development of IT systems has continued as has the adaptation of working practices to meet the challenges of working on a hybrid home/office basis. 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 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 2023/24.

The organisation continued to face challenges during 2022/23 in particular the requirement to deliver the 2023 Revaluation of non-domestic properties. 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.

Looking ahead the key challenges for 2023/24 are:

- 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 came into force on 1 April 2023;
- Continue the work 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 and the Boundary Commission with particular regard to preparation for the next UK Parliamentary General Election (date unknown);
- Continue to manage the resourcing required to ensure that this organisation meets all statutory commitments. In particular, there is a requirement to tackle significant levels of vacancy in the valuation team.

ANNUAL GOVERNANCE STATEMENT (continued)

Despite the key challenges noted above, no significant governance issues have been identified.

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. During the financial year to 31 March 2023 and to the date of signing, no significant control weaknesses or issues have arisen and no significant failures have been identified in the expected standards for good governance, risk management and control.



Councillor Donald Gatt
Convener
03 November 2023



Mark J Adam MRICS AEA (Cert - Scotland)
Assessor & Electoral Registration Officer
03 November 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) Regulations 2014.

All information disclosed in the tables 1 to 6 in this Remuneration Report is audited by the external auditors, Grant Thornton UK LLP. The other sections of the Remuneration Report are reviewed by Grant Thornton UK LLP 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) Amendment Regulations 2022 (SSI No. 2022/18). 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. £24,467 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. £23,244 per annum. These rates are effective for the year ending 31 March 2023.

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 until 5 May 2022 and he already 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 until 5 May 2022. 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.

Councillor Gatt was elected as Convener of the Grampian Valuation Joint Board on 26 August 2022. From this date Councillor Gatt has received a Special Responsibility Allowance for his role as Convener and the Board reimburses Moray Council for the additional cost.

Councillor Davidson of Aberdeenshire Council was elected Vice Convener on 26 August 2022. Councillor Davidson already receives a Special Responsibility Allowance for duties within the Council which are paid for in full by Aberdeenshire Council and will be included in their remuneration report. Therefore no reimbursement is due by the Board.

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) - audited

Councillor Name and Responsibility	Total Remuneration 2021/22	Salary, fees and allowances	Total Remuneration 2022/23
	£	£	£
Councillor Gatt Convener (from 26 August 2022)	-	2,935	2,935
Councillor Comrie Depute Convener (until 5 May 2022)	3,491	355	355
Total	3,491	3,290	3,290

No taxable expenses were paid in 2022/23 or in 2021/22.

Remuneration of Councillors (Table 2) - audited

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	2021/22	2022/23
	£	£
Salaries	3,491	3,290
TOTAL	3,491	3,290

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) - audited

Name and Post Title	Total Remuneration 2021/22	Salary, fees and allowances 2022/23	Taxable Expenses 2022/23	Total Remuneration 2022/23
	£	£	£	£
Mark Adam Assessor & ERO	123,086	121,852	822	122,674
Ian Milton Assessor & ERO (left 31/5/21)	19,346			
Gavin Oag Depute Assessor & ERO	104,884	95,584	788	96,372
Jim Barron Depute Assessor & ERO	41,764	87,054	743	87,797
TOTAL	289,080	304,490	2,353	306,843

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 2023, 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.

From 1 April 2009, a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees. The members' contribution rates for 2022/23 remain at the 2009/2010 rates although the pay bandings have been adjusted. The tiers and contribution rates are shown below.

Tiered Contribution Pay Rates

Pensionable Pay 2021-22	Rate (%) 2021/22	Pensionable Pay 2022-23	Rate (%) 2022/23
On earnings up to and including £22,300	5.50%	On earnings up to and including £23,000	5.50%
On earnings above £22,301 and up to £27,300	7.25%	On earnings above £23,001 and up to £28,100	7.25%
On earnings above £27,301 and up to £37,400	8.5%	On earnings above £28,101 and up to £38,600	8.5%
On earnings above £37,401 and up to £49,900	9.5%	On earnings above £38,601 and up to £51,400	9.5%
On earnings of £49,901 and above	12%	On earnings of £51,401 and above	12%

Pension Benefits (continued)

If a person works part-time, their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

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

Senior Councillors (Table 4) - audited

	In-year pension contributions	
	For the year to 31 March 2022	For the year to 31 March 2023
	£	£
Councillor Cormie Depute Convener (until 5 May 2022)	625	64
Councillor Gatt Convener (from 26 August 2022)	-	566
Total	625	630

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) - audited

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.

Pension Benefits (continued)

	In-year pension contributions			Accrued pension benefits	
	For the year to 31 March 2022	For the year to 31 March 2023		As at 31 March 2023	Difference from March 2022
	£	£		£	£
Mark Adam Assessor & ERO	21,330	23,490	Pension Lump Sum	62,735 106,800	6,962 10,009
Ian Milton Assessor & ERO	3,703	0	Pension Lump Sum	0 0	(61,498) (106,666)
Gavin Oag Depute Assessor & ERO	17,584	18,423	Pension Lump Sum	47,715 68,992	3,497 3,285
Jim Barron Depute Assessor & ERO	7,981	16,760	Pension Lump Sum	38,614 57,432	6,617 9,999
Total	50,598	58,673		382,288	(127,795)

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) - audited

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

Pension Benefits (continued)

Remuneration Band	Number of Employees	
	2022/23	2021/22
£50,000 - £54,999	1	5
£55,000 - £59,999	4	1
£60,000 - £64,999	2	1
£65,000 - £69,999	1	-
£70,000 - £74,999	-	1
£85,000 - £89,999	1	-
£94,999 - £99,999	1	-
£100,000 - £104,999	-	1
£120,000 - £124,999	1	1
	11	10

Donald Gatt

Councillor Donald Gatt
Convener
03 November 2023

Mark Adam

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

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.

		2021/22					2022/23	
£000	£000	£000		Note	£000	£000	£000	
Expenditure	Income	Net			Expenditure	Income	Net	
4,760	(200)	4,560	Rating and Council Tax Valuation and Electoral Registration		4,922	(28)	4,894	
4,760	(200)	4,560	Cost Of Services		4,922	(28)	4,894	
-	(12)	(12)	Financing and Investment Income and Expenditure	10	6	(33)	(27)	
		(4,363)	Requisitions and Non-Specific Grant Income	20			(4,471)	
		185	Deficit on Provision of Services	8			396	
		49	Remeasurement of the Net Defined Benefit Liability	23			(783)	
		49	Other Comprehensive (Income) and Expenditure				(783)	
		234	Total Comprehensive (Income) and Expenditure				(387)	

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

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.

2022/23	General Fund £000	Total Usable Reserves £000	Unusable Reserves (Note 16) £000	Total Board Reserves £000
Balance at 31 March 2022	627	627	137	764
Total Comprehensive Income and Expenditure	(396)	(396)	783	387
Adjustments to usable reserves permitted by accounting standards	5	5	(5)	-
Adjustments between accounting basis & funding basis under regulations (Note 7)	460	460	(460)	-
Increase / (Decrease) in Year	69	69	318	387
Balance at 31 March 2023	696	696	455	1,151
2021/22	General Fund £000	Total Usable Reserves £000	Unusable Reserves (Note 16) £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 2023

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 2022		Note	31 March 2023
£000			£000
730	Property, Plant & Equipment	11	696
730	Long Term Assets		696
90	Short Term Debtors	12	85
1,380	Cash and Cash Equivalents	13	1,205
1,470	Current Assets		1,290
(933)	Short Term Creditors	14	(705)
(933)	Current Liabilities		(705)
(503)	Pension Liability	23	(130)
(503)	Long Term Liabilities		(130)
764	Net Assets		1,151
	Usable reserves	16	
627	General Fund		696
627	Total		696
	Unusable Reserves	17	
247	Revaluation Reserve		242
482	Capital Adjustment Account		453
(503)	Pensions Reserve		(130)
(89)	Employee Statutory Adjustment Account		(110)
137	Total		455
764	Total Reserves		1,151

The notes on Pages 33 to 58 form part of the Financial Statements.

The unaudited Annual Accounts were issued on 30 June 2023 and the audited Annual Accounts were authorised for issue on 3 November 2023 by Lorraine Paisey, Treasurer. Any events that would affect the Balance Sheet at 31 March 2023 have been considered up to this date.

Lorraine Paisey
Lorraine Paisey CA
Treasurer
03 November 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

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 2022		31 March 2023
£000		£000
	(185) Net deficit on the provision of services	(396)
214	Adjust net deficit on the provision of services for non cash movements (Note 19)	221
<u>29</u>	Net cash flows from Operating Activities	<u>(175)</u>
	(16) Investing Activities	-
<u>13</u>	Net increase/(decrease) in cash and cash equivalents	<u>(175)</u>
<u>1,367</u>	Cash and cash equivalents at the beginning of the financial year	<u>1,380</u>
<u>1,380</u>	Cash and cash equivalents at the end of the financial year	<u>1,205</u>

NOTES TO THE ACCOUNTS

Note 1 Accounting Policies

1 General Principles

The Annual Accounts summarise the Board's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. 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 2022/23 and the Service Reporting Code of Practice 2022/23, 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 2023. Interest is received from Moray Council on the balance held.

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 Annual Accounts have been prepared on a going concern basis. As at 31 March 2023, the Balance Sheet of the Board shows a net asset position of £1.151m.

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 2022/23 Code:

- Definition of Accounting Estimates (Amendments to IAS 8);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax (Amendments to IAS 12)
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The Code requires implementation from 1 April 2023 and there is, therefore, no impact on the 2022/23 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 Asset Manager (Commercial Property), 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. In between valuations, a review is conducted to ensure carrying value does not differ from 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 2023 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 (£0.130m)	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 pension liability of changes in individual assumptions can be measured and are detailed in Note 23.
Pension Assets (£nil)	Estimation of the expected return on Pension Assets.	Part of the pension fund is invested in Level 3 Investments. The nature of these investments means there is a greater risk and more uncertainty over their valuation. There may be an impact on net pension scheme liabilities depending on the stock market.

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:

Nature	2021/22	2022/23
	£000	£000
Grant income from the Scottish Government	186	13
Barclay Implementation Funding (included in requisitions)	453	268

Grant income from the Scottish Government was received to provide for the introduction of the Electoral Integrity Programme (EIP) from May 2023 across the UK. The EIP falls under the new Elections Act 2022 which contains measures such as introducing the requirement to show ID at polling stations, improving the accessibility of elections to make it easier for people with disabilities to vote, and bringing in changes to postal and proxy voting. Unspent funding in 2022/23 will be put to the earmarked reserve and used in 2023/24. The Barclay Implementation Funding was paid to the three local authorities, Aberdeen City Council, Aberdeenshire Council, and Moray Council and requisitioned in full by the Board, to implement the recommendations from the Barclay review of Non Domestic Rates. Unspent Barclay Funding in 2022/23 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 30 June 2023 and the audited Annual Accounts were authorised for issue on 3 November 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 2023, 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 2023					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	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	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	
4,435	454	5	4,894	Rating and CT valuation & Electoral Registration	4,122	433	5	4,560	
4,435	454	5	4,894	Net Cost of Services	4,122	433	5	4,560	
(4,504)	6	-	(4,498)	Other Income and Expenditure	(4,371)	(4)	-	(4,375)	
(69)	460	5	396	(Surplus) or Deficit	(249)	429	5	185	
(627)				Opening Balance	(378)				
(69)				Surplus	(249)				
(696)				Closing Balance	(627)				

Note 7 (continued)**Adjustments between the Funding and Accounting Basis**

				2022/23
	Adjustment for Capital Purposes £000	Net Change for pensions adjustments £000	Other Differences £000	Total £000
Rating and CT valuation & Electoral Registration	29	404	21	454
Net Cost of Services	29	404	21	454
Other Income and Expenditure	-	6		6
Difference between the General Fund Deficit and the Comprehensive Income and Expenditure Statement Deficit	29	410	21	460
				2021/22
	Adjustment for Capital Purposes £000	Net Change for pensions adjustments £000	Other Differences £000	Total £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

	2021/22	2022/23
	£000	£000
	Rating, Council Tax Valuation and Electoral Registration	Rating, Council Tax Valuation and Electoral Registration
Employee benefit expenses	3,530	3,758
Other service expenses	1,134	1,065
Support service recharges	62	65
Depreciation, amortisation and impairment	34	34
Interest payments	-	6
Total Expenditure	4,760	4,928
Requisitions	(4,363)	(4,471)
Government grants and other service income	(200)	(28)
Interest and investment income	(12)	(33)
Total Income	(4,575)	(4,532)
Deficit on the provision of services	185	396

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 2022	219	408	627
Increase/(Decrease) 2022/23	5	64	69
Balance at 31 March 2023	224	472	696

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

	2021/22 £000	2022/23 £000
Pensions interest cost/(gain) and expected return on pensions assets	(4)	6
Interest receivable and similar income	(8)	(33)
	(12)	(27)

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.

Note 11 (continued)

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.

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 – 5-10 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 Asset Manager (Commercial Property) in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered

Note 11 (continued)

Surveyors. Valuations of vehicles, plant, furniture and equipment are based on depreciated historic cost as a proxy for current values.

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000
Cost or valuation			
At 1 April 2022	696	355	1,051
Additions	-	-	-
At 31 March 2023	696	355	1,051
Accumulated Depreciation and Impairment			
At 1 April 2022	58	263	321
Depreciation charge	14	20	34
at 31 March 2023	72	283	355
Net Book Value			
at 31 March 2022	638	92	730
at 31 March 2023	624	72	696
Cost or valuation			
At 1 April 2021	696	339	1,035
Additions	-	16	16
At 31 March 2022	696	355	1051
Accumulated Depreciation and Impairment			
At 1 April 2021	43	244	287
Depreciation charge	15	19	34
at 31 March 2022	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

	2021/22	2022/23
	£000	£000
Prepayments	90	85
	90	85

Note 13 Cash and Cash Equivalents

	2021/22	2022/23
	£000	£000
Temporary Investment in the Moray Council Loans Fund	1,380	1,205

Note 14 Short Term Creditors

	2021/22	2022/23
	£000	£000
Trade Payables	228	164
Other Payables ^	705	541
Total	933	705

^ Other Payables

Central Government Bodies	61	70
Short Term Employee Absences	114	136
Other Local Authorities	530	335
Other Payables	705	541

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.

Note 15 (continued)

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.

Fair Value

For all categories of financial assets and liabilities held by the Board, there was no difference between the carrying value and the fair value at the Balance Sheet date and all are in Level 2 of the fair value hierarchy.

Financial Instruments – Balances

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

	2021/22	2022/23
	£000	£000
Short Term Creditors - Amortised Cost	228	164
Trade Payables	228	164
Other Payables	705	541
Total	<u>933</u>	<u>705</u>
Tax Creditors included above	(111)	(127)
Requisition Creditors included above	(479)	(278)
Short Term Employee Absences included above	(115)	(136)
Total Financial Liabilities Current Creditors	<u>228</u>	<u>164</u>

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

	2021/22	2022/23
	£000	£000
Temporary Investment in the Moray Council Loans Fund	1,380	1,205

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.

	2021/22	2022/23
	£000	£000
Usable Reserves		
General Fund	219	224
Earmarked NDR Reform Reserve	408	472
	627	696

Note 17 Unusable Reserves

	2021/22	2022/23
	£000	£000
Revaluation Reserve	247	242
Capital Adjustment Account	482	453
Pension Reserve	(503)	(130)
Employee Statutory Adjustment Account	(89)	(110)
	137	455

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.

	2021/22	2022/23
	£000	£000
Balance at 1 April	252	247
Revaluations		
Difference between fair value depreciation and historical cost depreciation	(5)	(5)
Balance at 31 March	247	242

Note 17 (continued)

Employee Statutory Adjustment Account

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

	2021/22	2022/23
	£000	£000
Balance at 1 April	(135)	(89)
Settlement or cancellation of accrual made at the end of the preceding year	135	89
Amounts accrued at the end of the current year	(89)	(110)
Balance at 31 March	(89)	(110)

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.

	2021/22	2022/23
	£000	£000
Balance at 1 April	495	482
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	(29)	(29)
Capital financing in the year:		
Use of government grant to finance new capital expenditure	-	-
Capital Expenditure charged against the General Fund	16	
Balance 31 March	482	453

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.

	2021/22	2022/23
	£000	£000
Balance at 1 April	8	(503)
Remeasurements of the net defined benefit (liability)/asset	(49)	783
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	(928)	(912)
Employer's pensions contributions and direct payments to pensioners payable in the year	466	502
Balance at 31 March	(503)	(130)

Note 18 External Audit Costs

The agreed external audit fee for 2022/23 was £0.009m for work undertaken in accordance with the Code of Audit Practice (2021/22 £0.008m).

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

	2021/22 £000	2022/23 £000
Depreciation/Impairment charges	(34)	(34)
Pension Liability	(462)	(410)
Increase/(Decrease) in Debtors	51	(5)
Decrease in Creditors	231	228
	<u>(214)</u>	<u>(221)</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.

	2021/22 £000	2022/23 £000
Credited to Requisitions and Non Specific Grant Income:		
Requisition from Aberdeen City Council	(1,890)	(1,858)
Requisition from Aberdeenshire Council	(2,160)	(2,115)
Requisition from Moray Council	(792)	(776)
	<u>(4,842)</u>	<u>(4,749)</u>
Returned to constituent authorities:		
Aberdeen City Council	187	108
Aberdeenshire Council	214	125
Moray Council	78	45
	<u>479</u>	<u>278</u>
Total Requisition & Grant Income	(4,363)	(4,471)

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 2022/23 was £0.125m (£0.125m in 2021/22).

Note 21 (continued)

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

	2021/22	2022/23
	£000	£000
Not later than one year	125	125
Later than one year and not later than five years	500	375
More than five years	-	-
	625	500

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:

	2021/22	2022/23
	£000	£000
Aberdeen City Council	78	75
Aberdeenshire Council	323	258
Moray Council	91	104

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

Aberdeen City Council	187	108
Aberdeenshire Council	215	126
Moray Council	155	135

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 pension 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**

	2021/22 £000	2022/23 £000
Cost of Services:		
Past Service Cost	83	0
Current Service Cost and administration expenses	849	906
Financing and Investment Income and Expenditure:		
Net Interest Expense	(4)	6
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	928	912
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	173	2,955
Remeasurements (liabilities)	(124)	(14,114)
Effect of Asset Ceiling	0	10,376
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement.	49	(783)
 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	928	912
Actual amount charged against requisitions for pensions in the year	466	502

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 2022	31 March 2023
	£000	£000
Present value of the funded defined benefit obligation	(40,916)	(28,035)
Present value of the unfunded defined benefit obligation	(187)	(130)
Total present value of the defined benefit obligation	(41,103)	(28,165)
Fair value of plan assets	40,600	38,411
IFRIC 14 Asset Ceiling Adjustment	-	(10,376)
Net liability arising from defined benefit obligation	(503)	(130)

The Board has applied the asset ceiling test as prescribed by IFRIC 14 which limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.' The pension asset can be recognised as the lower of the net pension asset or the present value of any economic benefits available. The Board's actuaries undertook this assessment and the asset value in the accounts has reduced as the present value of the benefits available were lower than the pension asset. The net liability arising from the unfunded defined benefit obligation remains as there is no right to offset this.

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:

	2022	2023
	£000	£000
1 April	(40,846)	(41,103)
Current Service Cost	(840)	(896)
Interest on pension liabilities	(844)	(1,138)
Remeasurements:		
Experience loss	(80)	(2,255)
Gain on financial assumptions	0	15,496
Gain on demographic assumptions	204	873
Contributions by scheme participants	(155)	(166)
Benefits Paid	1,541	1,024
Past Service Cost	(83)	0
31 March	(41,103)	(28,165)

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:

	2022	2023
	£000	£000
1 April	40,854	40,600
Interest on plan assets	848	1,132
Remeasurements (assets)	(173)	(2,955)
Administration expenses	(9)	(10)
Employer Contributions	466	502
Contributions by scheme participants	155	166
Benefits Paid	(1,541)	(1,024)
31 March	40,600	38,411

Note 23 (continued)

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

	31 March 2022			31 March 2023		
	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Totals £000	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Totals £000
U.K. Equities	8,741	-	8,741	9,426	-	9,426
Overseas Equities	15,603	-	15,603	11,981	-	11,981
U.K Government Bonds	3,329	-	3,329	2,466	-	2,466
Other Government Bonds	-	-	-	-	-	-
Other U.K. Bonds	-	-	-	-	-	-
Other non U.K. Bonds	-	-	-	-	-	-
Property	-	2,647	2,647	-	2,512	2,512
Private Equity	-	2,513	2,513	-	2,685	2,685
Private Debt	-	958	958	-	1,091	1,091
Private Equity Infrastructure	-	747	747	-	2,036	2,036
Infrastructure Pooled fund	702	-	702	818	-	818
Private Equity Real Estate	-	512	512	-	672	672
Multi Asset Credit	-	3,650	3,650	-	3,230	3,230
Diversified Growth Funds	-	-	-	-	-	-
Cash Instruments	-	1,198	1,198	-	1,494	1,494
Total Assets	28,375	12,225	40,600	24,691	13,720	38,411

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 2023. 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 2022	31 March 2023
Financial assumptions:		
Discount rate	2.80%	4.90%
Rate of increase in salaries	4.90%	4.20%
Rate of increase in pensions	3.50%	2.80%
Rate of CPI inflation	3.40%	2.70%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.5	21
Women	24.2	23.4
Longevity at 65 for future pensioners:		
Men	23.0	22.4
Women	26.3	25.4

Note 23 (continued)

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 2022/23 investment returns, are shown in the table below:

Note 23 (continued)

Sensitivity Analysis as at 31 March 2023

	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 2022/23 investment returns	-1% change in 2022/23 investment returns
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Liabilities	28,165	26,138	29,249	28,288	28,751	28,165	28,165
Assets	(38,411)	(38,411)	(38,411)	(38,411)	(38,411)	(38,793)	(38,029)
Fund Surplus	(10,246)	(12,273)	(9,162)	(10,123)	(9,660)	(10,628)	(9,864)

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 2023, with March 2022 in brackets were: equities, including alternatives 83.2% (82.3%), bonds 6.4% (8.20%), property 6.5% (6.5%) and cash 3.9% (3.0%). 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 2024 is £0.501m.

The weighted average duration of the liabilities for scheme members at the 31 March 2023 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 to the members of Grampian Valuation Joint Board and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Grampian Valuation Joint Board for the year ended 31 March 2023 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 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 2022/23 (the 2022/23 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the body as at 31 March 2023 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 2022/23 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

We conducted our 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. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We 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 we have performed, we 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, we 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

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our 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

Our 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 our 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. We design procedures in line with our responsibilities outlined above to

detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the body;
- inquiring of the Treasurer and Board as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Treasurer and Board concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on 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 our 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 our auditor's report.

Reporting on other requirements

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

We have audited the parts of the Remuneration Report described as audited. In our opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Treasurer is responsible for the 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.

Our 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 our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we 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 our 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 we are required to report by exception

We are required by the Accounts Commission to report to you if, in our 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
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our 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 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Angela L Pieri

Angela Pieri, (for and on behalf of Grant Thornton UK LLP),
110 Queen Street
Glasgow
G1 3BX

06 November 2023
Date.....