

**REPORT TO:** TAYSIDE VALUATION JOINT BOARD – 24 JUNE 2019  
**REPORT ON:** UNAUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED  
31 MARCH 2019  
**REPORT BY:** TREASURER  
**REPORT NO:** TVJB 7 -2019

## 1 PURPOSE OF REPORT

The purpose of this report is to provide some additional commentary on the unaudited Annual Accounts for the year ended 31 March 2019 which is being submitted to the Board along with this report.

## 2 RECOMMENDATIONS

The Board is asked to:

- i. note the content of this covering report.
- ii. note the unaudited Annual Accounts which have been submitted along with this report.
- iii. note that the Treasurer will submit the Annual Accounts to the Appointed Auditor.
- iv. note that the key assumptions underpinning the Actuary's IAS 19 Retirement Benefit calculations have been reviewed and accepted by Dundee City Council as administering authority.

## 3 FINANCIAL IMPLICATIONS

During 2018/19, an underspend of £27,764 on the Revenue Budget was experienced in relation to Valuation Services. The Joint Board, at its meeting on 22<sup>nd</sup> January 2018, approved the final 2018/19 Revenue Budget of £2,765,068, which included the use of £26,000 from General Reserve Correspondingly, no sum requires be taken from the General Reserve. The General Reserve balance at 31<sup>st</sup> March 2019 therefore remains at £102,062.

## 4 MAIN TEXT

The relevant statutory provisions regarding the preparation of the Board's Accounts are contained in the Local Authority Accounts (Scotland) Amendment Regulations 2014. Section 4 of these regulations requires that "... all the accounts of the local authority are made up and balanced as soon as practicable after the end of each financial year and that sufficient copies of an abstract of the said accounts for each financial year are prepared ... and submitted to the authority and to the Controller of Audit not later than 30 June in the next financial year....".

The Annual Accounts includes a detailed commentary on the figures contained therein, and it is not intended to repeat this in this covering report. It is, however, worth reiterating a few of the more salient points.

The Board approved a net Revenue Budget for 2018/2019 of £2,765,068 which was requisitioned from the three Constituent Councils. The budget included the use of £26,000 from General Reserve. During the financial year the Board received quarterly revenue monitoring reports to keep members fully appraised as to actual spend-to-date and the projected outturn position. An underspend of £27,764 was achieved in 2018/2019. Therefore, no sum is required to be taken from General Reserve. The General Reserve balance at 31<sup>st</sup> March 2019 therefore remains at £102,062.

Details of the areas of under and overspend are highlighted on page 9 of the Annual Accounts. The main variances include underspends on staff costs property costs and third party payments, compensated for by an overspend on supplies and services. Increased expenditure on supplies & services and staff costs related to postages, computer services and legal fees.

During 2018/2019 the Board incurred £71,550 of capital expenditure on computer equipment and associated communications networking, required as part of the relocation of the Head Quarters and Dundee divisions to Forfar and the normal refresh of IT equipment. This expenditure was funded by the three Constituent Councils.

Under International Accounting Standard (IAS 19) (Employee Benefits), the Board is required to include figures in the Statements of Accounts relating to the assets, liabilities, income and expenditure related to the Tayside Superannuation Fund, the pension scheme for Tayside Valuation Joint Board employees. The Actuary has estimated that the Board had a net pension liability of £2,657,000 as at 31 March 2019, and the key assumptions underpinning the Actuary's calculations have been reviewed and accepted by Dundee City Council as administering authority.

In conclusion, it can be said that the Board's procedures for monitoring and managing its financial affairs have operated successfully during 2018/19.

Copies of the enclosed Annual Accounts will be submitted to the Board's appointed external auditor (Mr Bruce Crosbie, Senior Manager, Audit Scotland) to commence his audit of the Accounts. The 2018/2019 audit process is due to be completed by no later than 30 September 2019 and the outcome of the audit will be reported back to the Joint Board.

## **5 POLICY IMPLICATIONS**

This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

## **6 CONSULTATIONS**

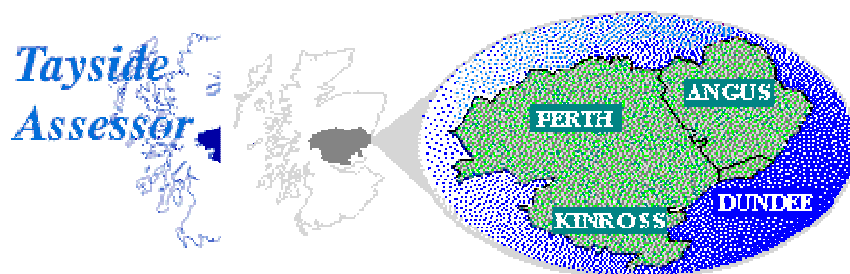
The Assessor and Clerk to the Joint Board has been consulted on the content of this report.

## **7 BACKGROUND PAPERS**

None

**GREGORY COLGAN**  
**TREASURER**  
**TAYSIDE VALUATION JOINT BOARD**

**13<sup>TH</sup> JUNE 2019**



**TAYSIDE VALUATION JOINT BOARD**

**DRAFT**  
**ANNUAL ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**UNAUDITED**

**JUNE 2019**

# Tayside Valuation Joint Board

Annual Accounts 2018/2019

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## TAYSIDE VALUATION JOINT BOARD

### MANAGEMENT COMMENTARY - MEMBERS AND OFFICIALS

Tayside Valuation Joint Board ("the Joint Board") was established in 1996 as part of the reorganisation of local government. It took over from the Local Authorities in its area certain duties in relation to valuation for rating and council tax. The Joint Board comprises 15 members who are appointed by the three Councils in its area. Dundee City Council nominates 6 members, Perth & Kinross Council 5 and Angus Council 4. The membership of the Board at the end of 2018/2019 is shown below.

The Joint Board appoints the Assessor, whose statutory duty it is to prepare the Valuation Roll and the Council Tax Valuation List. The Assessor also provides the Electoral Registration Service for Perth & Kinross Council and Angus Council. Through its Clerk and Treasurer, the Joint Board provides the administrative framework within which the Assessor's Service operates. The Joint Board Members provide an essential link between the Assessor, the Councils in the area and the electorate.

At the end of the financial year 2018/2019, the Members and Officials of the Joint Board were:

<b>Representing Dundee City Council</b>	
Bailie Christina Roberts (Vice Convener) Depute Lord Provost Bill Campbell Councillor Alan G Ross Councillor George McIrvine Councillor Margaret Richardson Councillor Philip Scott	
<b>Representing Angus Council</b>	
Councillor Gavin Nicol (Convener) Councillor Richard Moore Councillor Lynne Devine Councillor Ron Sturrock	
<b>Representing Perth and Kinross Council</b>	
Councillor Angus Forbes (Spokesperson) Councillor Audrey Coates Councillor Lewis Simpson Councillor Sheila McCole Councillor Dave Doogan	
<b>Assessor</b>	
Mr Alastair Kirkwood BSc, MRICS (Dip Rating), IRRV (Hons), AEA	
<b>Clerk to the Joint Board</b>	
Mr Roger Mennie LLB (Hons), DipLP, Dundee City Council	
<b>Treasurer</b>	
Mr Gregory Colgan, ACMA, CGMA, Dundee City Council	

## TAYSIDE VALUATION JOINT BOARD

### CONTACT DETAILS

The Assessor & Depute Assessor can be contacted at:

Tayside Valuation Joint Board  
William Wallace House  
Orchard Loan  
Orchardbank Business Park  
Forfar  
ANGUS DD8 1WH  
Tel: 01307 499910  
Fax: 01307 499950  
  
Email:- [assessor@tayside-vjb.gov.uk](mailto:assessor@tayside-vjb.gov.uk)



For properties in Angus Council Area, contact:

Tayside Valuation Joint Board  
William Wallace House  
Orchard Loan  
Orchardbank Business Park  
FORFAR DD8 1WH  
Tel: 01307 462416  
Fax: 01307 468631  
  
Email: [angus@tayside-vjb.gov.uk](mailto:angus@tayside-vjb.gov.uk)



For properties in Perth & Kinross Council Area, contact:

The Assistant Assessor  
Tayside Valuation Joint Board  
Robertson House  
Whitefriars Crescent  
PERTH PH2 0LG  
Tel: 01738 630303  
Fax: 01738 639753  
  
Email: [perth@tayside-vjb.gov.uk](mailto:perth@tayside-vjb.gov.uk)



For properties in Dundee City Council Area, contact:

Tayside Valuation Joint Board  
William Wallace House  
Orchard Loan  
Orchardbank Business Park  
Forfar  
ANGUS DD8 1WH  
Tel: 01307 499910  
Fax: 01307 499950  
  
Email: [dundee@tayside-vjb.gov.uk](mailto:dundee@tayside-vjb.gov.uk)



The Valuation Joint Board's website address is: [www.tayside-vjb.gov.uk](http://www.tayside-vjb.gov.uk)

The Scottish Assessors website address is: [www.saa.gov.uk](http://www.saa.gov.uk)

## TAYSIDE VALUATION JOINT BOARD

### MANAGEMENT COMMENTARY

#### INTRODUCTION

We are pleased to present the Annual Accounts for Tayside Valuation Joint Board (“the Board”) for the year ended 31 March 2019. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 (“the Code”). This Management Commentary provides a context for the annual accounts, an analysis of performance during the year and an insight into the priorities and plans for the Joint Board. The principal financial risks and uncertainties facing the Joint Board are identified, together with the potential impact and actions being taken.

The Board was established by the Valuation Joint Boards (Scotland) Order 1995 and came into existence on 1 April 1996. The Joint Board provides a range of valuation and electoral registration services to Angus and Perth & Kinross Councils, and valuation services to Dundee City Council, working in partnership with other Valuation Joint Boards and professional bodies throughout Scotland.

#### Mission, Vision and Strategic Objectives

The Joint Board’s Corporate Plan 2016-2019 (“the Plan”) was approved in June 2016 and was reviewed and updated in June 2018. The Joint Board’s Mission is to “ensure best value and provide equitable, customer focussed, high quality, professional valuation and electoral services for all its stakeholders”. The Joint Board’s vision is to “provide valuation and electoral services in accordance with statute and in a manner that is exemplary.”

The plan identifies the core Strategic Objectives to help it fulfil the Board’s Mission and Vision, and so ensure:-

- statutory duties are completed fully and on time.
- customer knowledge is improved and ensure attainment of good Community Focus.
- the performance management and planning framework is reviewed to ensure continuous improvement in service delivery.
- effective balance of responsibility and authority.
- Standards of Conduct are adhered to.
- efficiency and quality of service delivery.
- the integrated delivery of efficient government.

Each Strategic Objective is supported by a detailed list of priorities and tasks, against which performance is regularly monitored and reported to the Joint Board.

#### REVIEW OF OPERATIONAL PERFORMANCE

##### Non-Domestic Rating

The Assessor has continued to maintain the Valuation Roll during the year, processing new entries, deletions and amendments as required. The Finance Departments of the three constituent authorities are advised of changes weekly, which lead to efficient collection of non-domestic rates income. The Scottish Assessors’ Association’s website contains details of Valuation Roll entries on an all Scotland basis, and Tayside data is uploaded weekly to ensure that the most up to date information is widely available.

The Scottish Assessors’ website also provides details of valuation calculations of the most common types of commercial properties such as shops, offices and industrial subjects. This enables ratepayers to check the valuations of their property and to compare them with others. There are approximately 11,507 current summary valuation records available for Tayside properties, representing approximately 54.43% of all current Tayside entries.

The cumulative effect of all changes to entries in the Tayside Valuation Rolls during 2018/19 is shown below. The changes reflect additions, deletions and the effect of appeal settlements.

Local Authority Area	Total No of Subjects		Rateable Value		Net Effect
	01/04/2018	31/03/2019	At 01/04/2018	At 31/03/2019	
Angus Council	5,526	5,539	£80,975,046	£80,877,121	-£97,925
Dundee City Council	5,873	5,918	£190,080,900	£193,436,275	+£3,355,375
Perth & Kinross Council	9,727	9,968	£162,534,708	£162,689,783	+£155,075
Total	21,126	21,425	£433,590,654	£437,003,179	+£3,412,525

Performance levels in relation to Valuation Roll maintenance are measured by how quickly new or altered entries are shown on the Roll. The number of new and altered entries in the Valuation Roll and the period between their completion and alteration of the Valuation Roll are detailed in the table below. The target was to process 70% of alterations within 3 months and 88% within 6 months. Performance was above target

Local Authority Area	No of new and altered entries	Percentage entered or amended within		
		3 months	6 months	more than 6 months
Angus Council	312	78.80%	85.50%	14.50%
Dundee City Council	544	76.70%	92.70%	7.30%
Perth & Kinross Council	675	79.60%	94.30%	5.70%
Total	1,531	78.40%	91.90%	8.10%

### General Non-Domestic Rating Revaluation 2017

The Assessor has a statutory duty to carry out a Revaluation of all non-domestic property in the Valuation Area every five years. However, in the context of the general economic recession which took place after 2008, the current Revaluation, which was scheduled for 1 April 2015, was postponed and subsequently came into effect on 1 April 2017. The Assessor was required to revalue each property at a figure which represents the rent at which that property might reasonably be expected to let at the specified date (1 April 2015) and to publish the new Valuation Roll on 1 April 2017.

A key feature of the system of Non- Domestic Rates system is that each proprietor, tenant and occupier may, if they feel aggrieved by the new valuation, lodge a formal appeal. Appeals can be lodged against a "Revaluation" assessment (within certain statutory time limits). Subsequent to each Revaluation, "Running Roll" appeals can be lodged in respect of any new or amended entries in the Valuation Roll, or on the basis that there has been an "error", or that there has been a "material change of circumstances" affecting the value of the property. Details of the relevant mechanisms and time limits for appeals are included with each Valuation Notice and published on-line and in the press.

During the course of the year staff have been heavily engaged in dealing with both Revaluation Appeals and Running Roll Appeals. A summary of appeal progress as at 31 March 2019 is shown below.

	Appeals	Appeals	Settled Appeals RV		Appeals Outstanding	
	Received	Settled	Original RV	Settled RV	Appeals	RV
2010 Revaluation	6,017	6,010	£330,427,668	£308,397,475	7	£123,000
2010 Running Roll	2,920	2,918	£229,545,090	£226,486,800	2	£103,100
2011 Running Roll	3,016	3,015	£235,968,795	£234,404,770	1	£100
2012 Running Roll	470	470	£59,231,235	£55,930,085	0	£0
2013 Running Roll	238	235	£33,473,325	£31,271,145	3	£128,500
2014 Running Roll	313	311	£32,158,300	£29,716,060	3	£368,300
2015 Running Roll	154	153	£12,261,400	£11,337,320	1	£71,400
2016 Running Roll	161	160	£17,366,625	£15,979,330	1	£38,400
2017 Revaluation	6,255	3,493	£73,721,455	£70,147,465	2,762	£257,850,221
2017 Running Roll	611	197	£2,302,500	£1,864,350	414	£32,545,190
2018 Running Roll	238	44	£1,349,160	£1,243,580	194	£30,551,770
2019 Running Roll	8	0	£0	£0	8	£348,690



## Council Tax Banding

The Valuation List, which comprises approximately 211,332 entries, was fully maintained during the year by adding new dwellings, deleting dwellings that have been demolished and re-banding dwellings as appropriate following alteration and sale. The list was maintained by way of weekly updates, with Banding Notices issued to Council Tax payers and notification of amendments to the 3 Councils' Finance Departments also transmitted on a weekly basis. Sales information continued to be identified and recorded to assist in the valuation and banding process.

The Council Tax List is also available for public inspection on the Scottish Assessors' website. Data is uploaded to the site on a weekly basis so that information on banding is always up to date. Additionally, an on-line facility is available for the lodging of proposals to amend bands, although the circumstances in which proposals will be valid are restricted by legislation.

The number of new dwellings entered in the Valuation List during 2018/19 and the period taken between their completion and entry on the list is detailed in the following table.

Local Authority Area	No of new and altered entries	Percentage entered on Valuation List within		
		3 months	6 months	more than 6 months
Angus Council	519	95.20%	98.90%	100.00%
Dundee City Council	347	95.10%	98.80%	100.00%
Perth & Kinross Council	855	96.70%	99.30%	100.00%
Total	1,721	95.90%	99.00%	100.00%

Performance in relation to how quickly new entries were entered on the Valuation List was increased from the level reached in the previous year, and exceeded the target set. The target was to deal with 92% within 3 months and 98% within 6 months.

## Register of Electors

### Elections and Referenda 2018

A Local Government by-election was held in Perth & Kinross Council on 19 April 2018. Elections also took place in Loch Lomond & Trossachs National Park area on 5 July 2018 and in Cairngorms National Park area on 21 March 2019. The required administrative procedures for these elections were successfully dealt with and, in administrative terms, the elections passed without incident.

### 2018/19 Canvass

The annual canvass of electors commenced in July 2018 and household registration forms were posted to all properties in Angus and Perth & Kinross ahead of publication of the Register on 1 December 2018.

A Household Enquiry Form (HEF) was initially issued to 129,042 households across both local authority areas. The HEF required electors to confirm whether there had been any changes to those electors resident at the property. Households were given the opportunity to respond to the HEF by post, text, email or via a web page. A new registration form (ITR) was issued to any new electors identified on the HEF return unless the elector had already submitted an online application. The canvass of electors included a request for details of young persons for their inclusion in the Electoral Register so that these electors can vote in future elections.

A number of initiatives were undertaken to determine if electors were actually living in the households at which they were previously registered, including comparisons with Council Tax records. Where appropriate electors who had moved from the address were removed from the Register and formal notifications were posted to inform them of this. Where the available information was not clear, formal reviews were undertaken whereby the elector was invited to confirm their residence or seek a hearing, failing which they would be removed from the Register.

The response rate to the initial mailing of HEFs was 60.4%. All non-responders were issued with a reminder and, where no response was still forthcoming, a door-to-door canvass visit was undertaken. Thirty-eight

temporary canvassers were employed to visit households which failed to return either the *Household Enquiry Form* or an *Invitation to Register* form. In total, some 31,667 households who did not respond to the HEF and some 4,174 electors who had failed to return an ITR were visited.

Upon completion of the canvass, the response rate to the HEF was 84.8% in both Angus and Perth & Kinross.

Despite additional efforts to encourage the use of text, email or internet service, HEFs returned by these methods accounted for only 32% of the total of HEF responses – an increase of 1% from the 2017 canvass. Paper forms returned by post or via a canvasser accounted for 66% and 2% related to empty properties. It is likely that the relatively low response using text, email or internet is as a result of the more complicated system on Individual Registration.

The Register of Electors comparison between 1 December 2017 and 1 December 2018 is as follows

Local Authority Area	Electorate at 1 December 2017	Electorate at 1 December 2018	Net Change
Angus	89,344	89,092	-252
Perth & Kinross	114,776	114,863	87
Total	204,120	203,955	-165

Since publication of the register on 1 December 2017 initiatives have been undertaken to identify potential new electors including; from house sales information, from valuation staff, from Council Tax records supplied by the local authorities, from school records supplied by local authority and/or private schools, and from other sources.

Pilot canvass schemes took place across United Kingdom in 2017 with a view towards further streamlining the electoral registration processes. The results of these pilot exercises are due to be published by the Government's Modern Electoral Registration Programme later in 2018 and may result in changes to the way the canvass is undertaken from 2020.

### The Open Electoral Register

Electors may opt out of having their name listed in the Open Register on which there is no restriction on access, sale and supply. Statistics in relation to the Full Register and the Open Register are as follows:-

Local Authority Area	Total Electorate on Full Register at 1st December 2018	Total No of Electors "Opting-Out" of Open Register	Opt-outs as %	Total on Open Register
Angus	89,092	35,746	40.10%	53,346
Perth & Kinross	114,863	52,167	45.40%	62,696
Total	203,955	87,913	43.10%	116,042

### Performance Standards

The Electoral Commission has determined a set of standards against which Electoral Registration Officers are assessed in the performance of their duties. It is pleasing to note that the electoral registration service in Angus and Perth & Kinross has met or exceeded all standards that have been scrutinised so far in 2018/19. The Electoral Commission has introduced new categories of performance standards, which relate to information submitted following publication of the Electoral Register on 1 December 2018. The Commission will publish further details in due course,

### General

The Management of the Joint Board has continued to operate with the assistance of various working groups reporting to the Management Team. These groups monitor all matters relating to the core functions, including governance, health and safety and information technology. The membership and remits of the working groups continue to be reviewed as necessary. Senior members of staff have continued to contribute to the work of the

Scottish Assessors' Association (SAA) which meets regularly to facilitate a consistent approach in the administration of the Valuation, Council Tax and Electoral Registration services.

In order to gauge the public's perception of the quality of service provided, questionnaires have continued to be issued throughout the year to a random sample of people who have made contact with the department. A full analysis of the survey will be provided to the Joint Board in August 2019. Generally, the results indicate a high degree of satisfaction amongst customers.

## Financial Performance

### Revenue Expenditure

The Tayside Valuation Joint Board, at its meeting on 22 January 2018, approved the final 2018/19 Revenue Budget of £2,765,068 which was then requisitioned from the three Constituent Councils, in line with the following apportionment (based on Councils' 2017/2018 GAE figures for Lands Valuation and Council Tax Valuation):

Angus Council	26.05%	£720,323
Dundee City Council	32.68%	£903,565
Perth & Kinross Council	41.27%	£1,141,180
		<u>£2,765,068</u>

The 2018/2019 Revenue Budget of £2,765,068 did not change from the approved 2017/2018 Revenue Budget. The budget included the use of £26,000 from General Reserve and other net savings, including from a review of office accommodation is also included, an assumed 3% pay award (up-to salaries of £80,000) and an increase in property costs partly offset by a reduction in other budget heads.

The Joint Board received quarterly Revenue Monitoring reports during 2018/19 in order to keep the members fully apprised as to the projected revenue outturn position. At its meeting on 23 August 2018, the Joint Board agreed that the final underspend in any financial year should be returned to the Constituent Councils.

The following tables reconciles the Revenue Budget approved by the Joint Board on 22<sup>nd</sup> January 2018 to the revised budget figures that are included in the Comprehensive Income and Expenditure Statement shown on page 24. Table 1 shows the budget virements made to reflect underlying transfers within the base revenue budget. Table 2 shows budget adjustments required by 2018/2019 Code of Practice. Actual outturn figures and under/overspends are also shown and are explained in the detailed variance analysis below.

Table 1	2018/2019 Approved Budget £000	Electoral Registration £000	IER Funding £000	Office Move		2018/2019 Monitored Budget £000
				Additional Costs £000	Cost Savings £000	
Staff Costs	2,564	(2)	61		(79)	2,544
Property Costs	262			220	(152)	330
Supplies and Services	329	2	52	34	(13)	404
Transport Costs	49	-	7	-	(10)	46
Third Party Payments	50	-	-	-	-	50
<b>Cost of Services</b>	<b>3,254</b>	<b>-</b>	<b>120</b>	<b>254</b>	<b>(254)</b>	<b>3,374</b>
<b>Income</b>						
Other Operating Income & Expenditure	(461)	-	-	-	-	(461)
Financing and Investment Income	(2)	-	-	-	-	(2)
Taxation and Non Specific Other Grant Income	-	-	(120)	-	-	(120)
<b>(Surplus) or deficit on Provision of Services before Requisitions</b>	<b>2,791</b>	<b>-</b>	<b>-</b>	<b>254</b>	<b>(254)</b>	<b>2,791</b>
Recognised Capital Income						
Requisition Income	(2,765)	-	-	-	-	(2,765)
<b>(Surplus)/Deficit for the year on Provision of Services</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>254</b>	<b>(254)</b>	<b>26</b>

**Table 2**

	Approved Budget £000	Corp & Democratic Core Re- allocation £000	Depre- ciation £000	Capital Contribution Reallocation £000	Employee Benefits Adjust £000	IAS 19 Adjusts £000	Revised Budget £000	Actual Expend/ (Income) £000	(Under)/ Over Spend £000
Staff Costs	2,544	-	-	-	(20)	307	2,831	2,770	(61)
Property Costs	330	-	-	-	-	-	330	287	(43)
Supplies and Services	404	(16)	-	-	-	-	388	478	90
Transport Costs	46	-	-	-	-	-	46	55	9
Third Party Payments	50	-	-	-	-	-	50	35	(15)
Depreciation	-	-	38	-	-	-	38	38	-
Corporate & Democratic Core	-	16	-	-	-	-	16	16	-
<b>Cost Of Services</b>	<b>3,374</b>	<b>-</b>	<b>38</b>	<b>-</b>	<b>(20)</b>	<b>307</b>	<b>3,699</b>	<b>3,679</b>	<b>(20)</b>
Other Operating Income & Expenditure	(461)	-	-	-	-	-	(461)	(466)	(5)
Financing & Investment Income & Expenditure	(2)	-	-	-	-	69	67	64	(3)
Taxation & Non-Specific Grant Income	(120)	-	-	-	-	-	(120)	(119)	1
<b>Deficit on Provision of Services before Requisition</b>	<b>2,791</b>	<b>-</b>	<b>38</b>	<b>-</b>	<b>(20)</b>	<b>376</b>	<b>3,185</b>	<b>3,158</b>	<b>(27)</b>
Recognised Capital Income	-	-	-	(72)	-	-	(72)	(72)	-
Requisition Income	(2,765)	-	-	-	-	-	(2,765)	(2,764)	1
<b>Total Deficit</b>	<b>26</b>	<b>-</b>	<b>38</b>	<b>(72)</b>	<b>(20)</b>	<b>376</b>	<b>348</b>	<b>322</b>	<b>(26)</b>
IAS 19 Adjustments	-	-	-	-	-	(376)	(376)	(376)	-
Other IFRS Code	-	-	-	-	-	-	-	-	-
Accounting Adjustments	-	-	(38)	72	20	-	54	54	-
<b>Total Deficit for the year</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26</b>	<b>-</b>	<b>(26)</b>

The outturn on Expenditure and Funding Analysis (page 20) indicates that no allocation requires to be taken from the General Reserve.

During 2018/19, an underspend of £27,764 on the Revenue Budget was experienced in relation to Valuation Services. The main budget variances are summarised below:

*Staff Costs (Underspend £61,000):*

This net underspend represents a higher than normal level of vacancies, after the period of the move of the Headquarters and Dundee divisions to William Wallace House in Forfar.

*Property Costs (Underspend £43,000)*

Due mainly to lower than anticipated costs relating to the vacating of Whitehall House in Dundee..

*Supplies & Services (Overspend £90,000)*

Higher than anticipated costs on printing, IT and postage incurred on Individual Electoral Registration.

*Third Party Payments (Underspend £15,000)*

Legal expenses were lower than anticipated due to a lower than expected number of contentious appeals.

*Other Income and Expenditure (Increased Income £7,000)*

Due to recovery of specific expenditure on electoral registration from constituent councils, together with higher than budgeted interest on revenue balances.

## General Reserve

In setting the 2018/19 Revenue Budget, the Treasurer advised that the minimum level of uncommitted balances that the Joint Board should operate with is £60,000. The sum of £26,000 was taken from the General Reserve and used in the setting of the Joint Board's 2018/19 Revenue Budget. This ensured no increase in the requisition from Constituent Councils. The financial performance of the Joint Board during 2018/19 meant that no allocation from general Reserve was required.. The General Reserve balance at 31st March 2019 therefore remains at £102,062.

### **Capital Expenditure**

During 2018/19 the Joint Board incurred £71,550 of capital expenditure on computer equipment and associated communications networking. This expenditure was funded by the three constituent councils.

### **Borrowing Facilities**

The Joint Board does not have the powers to incur any new capital debt directly through borrowing. Accordingly, the Joint Board's capital expenditure requirements in 2018/2019 are funded by a contribution from the three Constituent Councils.

### **Control of Revenue and Capital Expenditure**

The control of both the revenue and capital expenditure of the Joint Board is an ongoing and substantial exercise which requires a positive contribution from staff and elected members to ensure that the Joint Board's financial objectives are achieved and that financial resources are fully utilised. The following Annual Accounts reflects the fact that this has been carried out satisfactorily in the course of the financial year.

### **Pension Liability (IAS 19)**

Under International Accounting Standard 19 (Employee Benefits), the Joint Board is required to include figures in the Annual Accounts relating to the assets, liabilities, income and expenditure related to the pension scheme for its employees. It has been estimated that the Joint Board had a net pension liability of £2,657,000 as at 31 March 2019. The estimated net Pension Liability at 31 March 2018 was £2,415,000. The overall change was due to a decrease in the liabilities arising from changes to the financial and demographic assumptions.

### **Balance Sheet Net Liabilities**

The Joint Board's Balance Sheet as at 31 March 2019 shows Net Liabilities of £2,527,000. The significant factor in the Net Liabilities position is the IAS 19 Pension Liability of £2,657,000. The IAS 19 Pension Liability figure is based on a "snap shot" at 31 March 2019 and the calculation is particularly sensitive to the vagaries of the stock market. The IAS 19 Pension Liability is a notional figure and does not require to be funded in the short term. Throughout the normal course of events, any projected net liability on the Tayside Pension Fund is recouped by increased employer's contributions. The IAS 19 Pension Liability does not impact on the Joint Board's General Reserve or budgetary requirements and the Net Liabilities position shown in the Balance Sheet does not therefore affect the Joint Board's ability to continue as a going concern for the foreseeable future.

### **Service Changes and Future Developments**

There were no changes to the statutory functions undertaken by the Joint Board during the financial year. The Joint Board continues to refine its staffing structure and use of resources to help ensure that it continues to meet ambitious targets while also dealing with legislative reform issues and managing budget constraints.

### **Principle Risks and Uncertainties**

The Joint Board maintains, manages and regularly reports on Business Continuity and Risk Management arrangements. Internal Audit assessed the Joint Board's procedures in this area as good with no weaknesses identified.

Individual Electoral Registration utilises significant resources and generates a funding gap which is currently met by the UK Cabinet Office. The UK Cabinet Office has agreed to fund approved expenditure for the lifetime of the UK Parliament. They have indicated however, that more stringent approval of expenditure will be applied in the future which will increase the financial burden on the Joint Board in the future.

Continuing uncertainty regarding the Brexit process (including the possible need for European Elections in May 2019 being delayed until the very last minute), holds significant implications for the workload of staff and resources within the Joint Board.

The Joint Board recognises the impact of continuing forecast pressures on the constituent authorities and as a consequence it continues to seek to generate efficiencies and utilise limited reserves wherever possible. This strategy, together with prudent management of resources during a period of strong performance and significant operational challenges has allowed the Joint Board to set a 2019/2020 budget at a reduced or standstill level for the fourth consecutive year.

The Assessor and Electoral Registration Officer will look to introduce further efficiency savings in future, although with a significant number of statutory duties to be met, continual reduction of resources could have an adverse impact on performance measures and service delivery.

## **Conclusion**

Sound financial management and effective risk management have enabled the Joint Board to successfully manage its financial affairs during financial year 2018/2019. However, significant risks surrounding future uncertainties continue to affect the plans for the Joint Board to effectively manage budgetary pressures.

Despite significant challenges, operational performance continues to remain at a high level and effective management of a committed staff will continue to ensure that the Joint Board is able to meet its objectives.

We wish to acknowledge the significant efforts and exceptional hard work of all staff in facing up to the challenges encountered and contributing to the Joint Board's successful operational performance, the staff whose financial stewardship has contributed to the Joint Board's financial position at 31<sup>st</sup> March 2019 and everyone involved in the preparation of the annual accounts.

**Gregory Colgan**  
**B.Acc(Hons), ACMA, CGMA**  
**Treasurer**  
**Tayside Valuation Joint Board**  
**26<sup>th</sup> August 2019**

**Alastair Kirkwood**  
**BSc, MRICS (Dip Rating), IRRV**  
**(Hons), AEA**  
**Assessor and Electoral**  
**Registration Officer**  
**Tayside Valuation Joint Board**  
**26<sup>th</sup> August 2019**

**Councillor Gavin Nicol**  
**Convener**  
**Tayside Valuation Joint Board**  
**26<sup>th</sup> August 2019**

## **TAYSIDE VALUATION JOINT BOARD**

### **ANNUAL GOVERNANCE STATEMENT**

#### **Scope of Responsibility**

Tayside Valuation Joint Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards. This is to ensure that public funds and assets at its disposal are safeguarded, properly accounted for and used economically, efficiently and effectively. The Joint Board also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these responsibilities elected members and senior officers are responsible for implementing effective arrangements for governing the Joint Board's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end the Joint Board approved and adopted a local Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government (2016)*. This statement explains how Tayside Valuation Joint Board delivers good governance and reviews the effectiveness of these arrangements.

#### **The Joint Board's Governance Framework**

The governance framework comprises the systems, processes, cultures and values by which the Joint Board is directed and controlled. It also describes the way it engages with its stakeholders. It enables the Joint Board to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate, cost-effective services.

Within the overall control arrangements the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

The framework reflects the arrangements in place to meet the seven supporting principles of effective corporate governance. These are as follows:

- behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- ensuring openness and comprehensive stakeholder engagement;
- defining outcomes in terms of sustainable economic, social, and environmental benefits;
- determining the interventions necessary to optimise the achievement of intended outcomes;
- developing the entity's capacity, including the capability of its leadership and the individuals within it;
- managing risks and performance through robust internal control and strong public financial management; and
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The overall control arrangements include:

- identifying the Joint Board's objectives in the Service Plan.
- monitoring of objectives by the Joint Board and senior officers.
- reporting performance regularly to Joint Board meetings.
- clearly defined Standing Orders, Financial Regulations, Tender Procedures and Delegation of Powers.
- approved anti-fraud and corruption strategies including "whistle-blowing" arrangements.
- setting targets to measure financial and service performance.
- formal revenue and capital budgetary control systems and procedures.
- the assurances provided by Internal Audit through their independent review work of the Joint Board's internal control systems.

Additionally, in order to support Chief Financial Officers in the fulfilment of their duties and to ensure that local authority organisations have access to effective financial advice of the highest level, CIPFA's *Role of the Chief Financial Officer* has introduced a "comply or explain" requirement in the Annual Accounts. The Treasurer complies with the principles set out in CIPFA's *Role of the Chief Financial Officer (2016)*.

## Review of Effectiveness

Members and officers of the Joint Board are committed to the concept of sound governance and the effective delivery of Joint Board services and take into account comments made by internal and external auditors.

In addition the Joint Board have made a self-assessment of their own arrangements. This involved the completion of a 94-point checklist, by the Assessor, covering seven supporting principles defined in CIPFA/SOLACE's Delivering Good Governance in Local Government (2016). This indicated a high level of compliance.

The Joint Board's Internal Audit Service provider conforms to the Public Sector Internal Audit Standards (PSIAS), and reports to the Joint Board. Internal Audit undertakes an annual programme of work, which is reported to the Joint Board. The Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control.

## Continuous Improvement Agenda

The self-assessment checklist completed by the Assessor as part of the Joint Board's assurance gathering process highlights that the Joint Board is fully compliant in the seven key governance areas covered.

The Joint Board's progress against the Continuous Improvement Agenda items for 2018/2019 are detailed in Table 1. One item has been completed and the others have been carried forward to be actioned in 2019/2020.

Improvements 2018/2019	Principle	Code Reference	Responsible Officer(s)	Target Completion Date	Actual Completion Date	Progress Updates
1 Revise Data Protection Policy in light of introduction of GDPR Regulations	3	2.2, 4.1,4.2	Assessor	30/09/2019	31/03/2019	Source: Annual Governance Statement Checklist
2 Review the Scheme of Delegation of Powers	3	2.2, 4.1	Treasurer, Assessor	30/09/2019	Ongoing	Source: Annual Governance Statement Checklist
3 Investigate options for ensuring that the medium term financial strategy integrates with service priorities and resource constraints.	4	2.8,3.1,3.2,3.3,3.4,	Treasurer	30/09/2019	Ongoing	Carried forward from 2017/18

During 2018/2019, Internal Audit have conducted audits in the areas of Risk Management/ Business Continuity Planning, Council Tax and Maintenance of the Accuracy of the Electoral Register Non Domestic Rates, Corporate Governance and Follow up Reviews. No significant weaknesses were identified. In the follow up reviews, the only outstanding item that is currently capable of being progressed relates to the Review of the Scheme of Delegation which is planned for completion in 2019. Overall, the level of assurance was concluded to be good and the systems and procedures implemented meet their control objectives. The Internal Auditor's Annual Report 2018/2019 concludes that, in the opinion of the Internal Auditor, the Joint Board operates adequate and effective control procedures, as defined in the Audit Needs Assessment,



It is proposed that during 2019/2020 steps are taken to address the items identified in the Continuous Improvement Agenda (see Table 2) to further enhance the Joint Boards governing arrangements.

<b>Table 2: Improvements 2019/2020</b>	<b>Principle</b>	<b>Code Reference</b>	<b>Responsible Officer(s)</b>	<b>Target Completion Date</b>	<b>Progress Updates</b>
1 Review the Scheme of Delegation of Powers	3	2.2, 4.1	Treasurer, Assessor	30/09/2019	Source: Annual Governance Statement Checklist
2 Investigate options for ensuring that the medium term financial strategy integrates with service priorities and resource constraints.	4	2.8,3.1,3.2,3.3,3.4,	Treasurer	30/09/2019	Progress carried forward from 2018/19
3 Review NDR Systems taking cognisance of barclay Review Recommendations	2	2.5	Assessor	31/03/2022	Source: Annual Governance Checklist
4 Review Staffing Structure taking cognisance of NDR changes	1	1.2	Assessor	31/12/2019	Source: Annual Governance Checklist

The annual review demonstrates sufficient evidence that the Codes principles of delivering good governance in local government operated effectively and the Joint Board complies with the Local Code of Corporate Governance in all significant respects. Future actions will be taken as necessary to maintain and further enhance the Joint Board's governance arrangements.

**Councillor Gavin Nicol**  
**Convener**  
**Tayside Valuation Joint Board**  
**26<sup>th</sup> August 2019**

**Alastair Kirkwood BSc, MRICS, IRRV, AEA**  
**Assessor and ERO**  
**Tayside Valuation Joint Board**  
**26<sup>th</sup> August 2019**

## TAYSIDE VALUATION JOINT BOARD

### REMUNERATION REPORT

#### INTRODUCTION

The Joint Board is required to prepare and publish within its Annual Accounts an annual Remuneration Report under the Local Authority Accounts (Scotland) Regulations 2014. The report sets out the remuneration of the Convener, Vice Convener and Senior Employees of the Joint Board and accrued pension benefits of the Senior Employees. The report also provides information on the number of Joint Board employees (including Senior Employees) whose total actual remuneration was £50,000 or more, this information being disclosed in salary bandings of £5,000 above £50,000. The following report has been prepared in accordance with the aforementioned Regulations. The Joint Board's External Auditor is required to audit certain parts of the Remuneration Report and give a separate opinion in his report on the Annual Accounts as to whether the Remuneration Report has been properly prepared in accordance with the Regulations. Tables 1, 2 and 3 are subject to audit, and the remainder of the report is subject to review.

#### REMUNERATION ARRANGEMENTS

##### Convener and Vice Convener

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (Scottish Statutory Instrument No. 2007/183). The Regulations set out the remuneration payable to Councillors with the responsibility of a Convener or Vice Convener of a Joint Board. The Regulations require the remuneration to be paid by the Council of which the Convener or Vice Convener is a member. The Council is also required to pay pension contributions arising from the Convener or Vice Convener being a member of the Local Government Pension Scheme.

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

The remuneration details for the Convener and Vice Convener of Tayside Valuation Joint Board are set out in Table 1.

**TABLE 1 – REMUNERATION OF COUNCILLOR WHO IS CONVENER OF TAYSIDE VALUATION JOINT BOARD**

Councillor Name	Responsibility	Salary, Fees & Allowances £	Total Remuneration 2018/2019 £	Total Remuneration 2017/2018 £
<b>Gavin Nicol</b> (25th June 2018 to 31st March 2019)	Convener, Tayside Valuation Joint Board	4,200	4,200	-
<b>Christina Roberts</b> (1st April 2018 to 31st March 2019)	Vice-Convener, Tayside Valuation Joint Board	1,475	1,475	1,059
<b>Elsbeth Mclachlan</b> (1st April 2017 to 4th May 2017)	Convener, Tayside Valuation Joint Board	-	-	461
<b>David Cheape</b> (26th June 2017 to 8th February 2018)	Convener, Tayside Valuation Joint Board	-	-	4,065
<b>Jim Houston</b> (1st April 2017 to 4th May 2017)	Vice-Convener, Tayside Valuation Joint Board	-	-	263
<b>Total</b>		<b>5,675</b>	<b>5,675</b>	<b>4,789</b>

Convener and Vice Convener roles were not occupied from 4<sup>th</sup> May 2017 to 26<sup>th</sup> June 2017 as previous occupants did not stand for re-election in May 2017. There was no Convener in place following Councillor David Cheape's deselection as a Councillor by Angus Council in February 2018, until Councillor Gavin Nicoll was appointed in June 2018.

##### Senior Employees

The salaries of Senior Employees take account of the duties and responsibilities of their posts. Senior Employees are entitled to participate in Dundee City Council's Contract Car Hire Scheme, subject to meeting certain criteria. Dundee City Council's Policy & Resources Committee is responsible for agreeing the terms of the Contract Car Hire Scheme.

For the purposes of the Remuneration Report, the Regulations set out the following criteria for designation as a Senior Employee of the Joint Board:

- (i) has responsibility for management of the Joint Board to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
- (ii) holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989; or
- (iii) annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The Joint Board has determined that four employees covering four posts meet the criteria for designation as a Senior Employee in 2018/2019, with all five employees falling into category (i) above. The remuneration details for the Senior Employees of the Joint Board are set out in Table 2.

**TABLE 2 – REMUNERATION OF SENIOR EMPLOYEES**

Employee Name	Post Title	Salary, Fees & Allowances £	Total Remuneration 2018/2019 £	Total Remuneration 2017/2018 £
Alastair Kirkwood	Assessor	104,876	104,876	103,275
Henry Gray	Depute Assessor (retired)	-	-	13,284
Donald Allan	Assistant Assessor	69,363	69,363	64,855
Roy Christie	Assistant Assessor	69,363	69,363	64,855
Richard Michalski	Assistant Assessor	59,348	60,200	61,136
<b>Total</b>		<b>302,950</b>	<b>303,802</b>	<b>307,405</b>

The Regulations also require information to be published on the total number of Joint Board employees (including Senior Employees) whose total actual remuneration was £50,000 or more. This information is to be disclosed in salary bandings of £5,000 above £50,000 and is shown in the following table:

**TABLE 3 - REMUNERATION BANDS**

Remuneration Bands	No of Employees	
	2017/2018	2018/2019
£50,000 - £54,999	1	1
£60,000 - £64,999	3	-
£65,000 - £69,999	-	3
£100,000 - £104,999	1	-
£105,000 - £109,999	-	1
<b>Total</b>	<b>5</b>	<b>5</b>

### ACCRUED PENSION BENEFITS

Pension benefits for Tayside Valuation Joint Board employees are provided through the Local Government Pension Scheme (LGPS) which is a career average related earnings (CARE) pension scheme. This means that pension benefits are based on the career average revalued pay and the number years that the person has been a member of the scheme. The scheme's normal retirement age for Joint Board employees is 65.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009, contribution rates were set at 6% for all non-manual employees. The members' contribution rates for 2018/2019 remain at the 2009/2010 rates although the pay bandings have been adjusted. The tiers and contribution rates are set out in Table 4.

**TABLE 4 - TEIRS AND CONTRIBUTION RATES**

2017/2018 Whole Time Pay on Earnings:	Contribution Rate 2017/2018	2018/2019 Whole Time Pay on Earnings:	Contribution Rate 2018/2019
up to and including £20,700	5.50%	up to and including £21,300	5.50%
above £20,700 and up to £25,300	7.25%	above £21,300 and up to £26,100	7.25%
above £25,300 and up to £34,700	8.50%	above £26,100 and up to £35,700	8.50%
above £34,700 and up to £46,300	9.50%	above £35,700 and up to £47,600	9.50%
above £46,300	12%	above £47,600	12%

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) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60<sup>th</sup> of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80<sup>th</sup> and a lump sum based on 3/80<sup>th</sup> of final pensionable salary and years of pensionable service.

### Convener and Vice Convener

There were no pension contributions made by the Joint Board in respect of the Convener and Vice Convener of Tayside Valuation Joint Board.

### Senior Employees

The accrued pension benefits for Senior Employees are set out in Table 5, together with the pension contributions made by the Joint Board.

**TABLE 5 - ACCRUED PENSION BENEFITS FOR SENIOR EMPLOYEES**

Employee Name	Post Title	Pension as at 31 March 2019 £000	Pension Difference from 31 March 2018 £000	Lump Sum as at 31 March 2018 £000	Lump Sum Difference from 31 March £000	Pension Cont. 2018/19 £	Pension Cont. 2017/2018 £
Alastair Kirkwood	Assessor	50	3	94	1	17,829	17,557
Henry Gray	Depute Assessor (retired)	n/a	n/a	n/a	n/a	n/a	2,258
Donald Allan	Assistant Assessor	32	3	60	4	11,792	11,025
Roy Christie	Assistant Assessor	34	3	66	4	11,792	11,025
Richard Michalski	Assistant Assessor	24	2	39	1	10,089	10,393
<b>Total</b>		<b>140</b>	<b>11</b>	<b>259</b>	<b>10</b>	<b>51,502</b>	<b>52,258</b>

### Exit Packages

There were no exit packages in 2018/2019 (2017/2018 Nil).

### Assumptions and Contextual Information

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a 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 total Local Government service and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be taken into account:

- (i) the figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
- (ii) the accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time. In 2018/2019, the scheme member contribution rate for Senior Employees was in the range of 7.9% to 9.8% (2017/2018 7.9% to 9.8%) of

pensionable pay. In 2018/2019, the employer contribution rate was 17.0% (2017/2018 17.0%) of pensionable pay for Senior Employees.

**Councillor Gavin Nicol**  
**Convener**  
**Tayside Valuation Joint Board**  
**26<sup>th</sup> August 2018**

**Alastair Kirkwood BSc, MRICS, IRRV, AEA**  
**Assessor and Electoral Registration Officer**  
**Tayside Valuation Joint Board**  
**26<sup>th</sup> August 2019**

## **TAYSIDE VALUATION JOINT BOARD**

### **STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS**

#### **The Joint Board's responsibilities**

The Joint Board is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Joint Board, that officer is the Treasurer;
- 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 so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Joint Board at its meeting on 26<sup>th</sup> August 2019

**Councillor Gavin Nicol**  
**Convener**  
**Tayside Valuation Joint Board**  
**26<sup>th</sup> August 2019**

#### **The Responsibilities of the Treasurer**

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

In preparing this 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 Code of Practice (in so far as it is compatible with legislation)..

The Treasurer has also:

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

I certify that the financial statements give a true and fair view of the financial position of the Joint Board at the accounting date and of its income and expenditure for the year ended 31 March 2019.

**Gregory Colgan B.Acc (Hons), ACMA, CGMA**  
**Treasurer**  
**Tayside Valuation Joint Board**  
**24<sup>th</sup> June 2019**

**TAYSIDE VALUATION JOINT BOARD**  
**EXPENDITURE AND FUNDING ANALYSIS**

The objective of the Expenditure and Funding Analysis is to demonstrate how the funding available to the Joint Board (i.e. income from Constituent Councils and government grants,) for the year has been used in providing services in comparison with those resources consumed or earned by the Joint Board in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/2018			2018/2019			
Net Expenditure Chargeable to the General Reserve	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Reserve	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
£000	£000	£000	<b>EXPENDITURE</b>	£000	£000	£000
2,517	338	2,855	Staff Costs	2,483	287	2,770
317	-	317	Property Costs	287	-	287
486	-	486	Supplies and Services	478	-	478
50	-	50	Transport Costs	55	-	55
24	-	24	Third Party Payments	35	-	35
-	38	38	Depreciation	-	38	38
15	-	15	Corporate and Democratic Core	16	-	16
<b>3,409</b>	<b>376</b>	<b>3,785</b>	<b>Cost Of Services</b>	<b>3,354</b>	<b>325</b>	<b>3,679</b>
(3,408)	197	(3,211)	Other Income & Expenditure	(3,354)	(3)	(3,357)
<b>1</b>	<b>573</b>	<b>574</b>	<b>Deficit on Provision of Services before Requisitions</b>	<b>-</b>	<b>322</b>	<b>322</b>
<b>103</b>			<b>Opening General Reserve Balance</b>	<b>102</b>		
(1)			Less Deficit on General Reserve	-		
<b>102</b>			<b>Closing General Reserve Balance at 31 March</b>	<b>102</b>		

**NOTES TO THE EXPENDITURE FUNDING ANALYSIS**

2017/2018				2018/2019				
Adjustments for Capital Purposes (Note A)	Net Change for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Adjustments		Adjustments for Capital Purposes (Note A)	Net Change for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
-	343	(5)	338	Staff Costs	-	307	(20)	287
38	-	-	38	Depreciation	38	-	-	38
38	343	(5)	376	Cost of Services	38	307	(20)	325
(23)	220	-	197	Other Income and Expenditure from the Expenditure and Funding Analysis	(72)	69	-	(3)
15	563	(5)	573	Difference between the General Reserve Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	(34)	376	(20)	322

Note A – Adjustments for Capital Purposes adds in Depreciation and Capital Grants.

Note B - Net change for the removal of pension contributions and the addition of IAS Employee Benefits pension related expenditure and income.

Note C - Other differences between the amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable and receivable to be recognised under statute.

**TAYSIDE VALUATION JOINT BOARD**

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. The Joint Board receives requisition income from Constituent Councils to cover expenditure; this may be different from the accounting cost.

2017/2018			2018/2019			
Gross Expenditure	Gross Income	Net Expenditure / (Income)	Unaudited Budgeted Net Expenditure / (Income)	Gross Expenditure	Gross Income	Net Expenditure / (Income)
£000	£000	£000	£000	£000	£000	£000
<b>Expenditure</b>						
2,855	-	2,855	2,831	2,770	-	2,770
		Staff Costs				
317	-	317	330	287	-	287
		Property Costs				
486	-	486	388	478	-	478
		Supplies and Services				
50	-	50	46	55	-	55
		Transport Costs				
24	-	24	50	35	-	35
		Third Party Payments				
38	-	38	38	38	-	38
		Depreciation				
15	-	15	16	16	-	16
		Corporate and Democratic Core				
<b>3,785</b>	<b>-</b>	<b>3,785</b>	<b>3,699</b>	<b>3,679</b>	<b>-</b>	<b>3,679</b>
		<b>Cost Of Services</b>				
-	(494)	(494)	(461)	0	(466)	(466)
		Other Operating Income & Expenditure (note 5)				
220	(2)	218	67	69	(5)	64
		Financing and Investment Income and Expenditure (note 6)				
-	(147)	(147)	(120)	0	(119)	(119)
		Taxation and Non-Specific Grant Income (notes 7 & 29)				
<b>4,005</b>	<b>(643)</b>	<b>3,362</b>	<b>3,185</b>	<b>3,748</b>	<b>(590)</b>	<b>3,158</b>
		<b>Deficit on Provision of Services before Requisitions</b>				
-	(23)	(23)	(72)	-	(72)	(72)
		Recognised Capital Income (note 8)				
-	(2,765)	(2,765)	(2,765)	-	(2,764)	(2,764)
		Requisition Income				
<b>4,005</b>	<b>(3,431)</b>	<b>574</b>	<b>348</b>	<b>3,748</b>	<b>(3,426)</b>	<b>322</b>
		<b>Deficit on Provision of Services</b>				
-	(5,864)	(5,864)	(134)	-	(134)	(134)
		Actuarial (Gains)/Losses on Pension Assets/Liabilities				
<b>4,005</b>	<b>(9,295)</b>	<b>(5,290)</b>	<b>214</b>	<b>3,748</b>	<b>(3,560)</b>	<b>188</b>
		<b>Total Comprehensive Income and Expenditure</b>				

The notes on pages 25 to 44 form part of the financial statements



## TAYSIDE VALUATION JOINT BOARD

### MOVEMENT IN RESERVES STATEMENT

This statement shows the movement from the start of the year to the end on the different reserves held by the Joint Board, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves'. This statement shows how the movements in year of the Joint Board's reserves are broken down between gains and losses in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to requisitions for the year. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Reserve Balance before any discretionary transfers to or from earmarked reserves undertaken by the Joint Board.

	General Reserve Balance £000	<b>Total Usable Reserves</b> £000	Unusable Reserves £000	<b>Total Board Reserves</b> £000
<b>Balance at 31 March 2017 carried forward</b>	<b>(103)</b>	<b>(103)</b>	<b>7,731</b>	<b>7,628</b>
<b><u>Movement in Reserves during 2017/2018</u></b>				
<b>Total Comprehensive Expenditure and Income</b>	574	<b>574</b>	<b>(5,864)</b>	<b>(5,290)</b>
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 9)	<b>(573)</b>	<b>(573)</b>	573	-
<b>(Increase)/Decrease in 2017/2018</b>	<b>1</b>	<b>1</b>	<b>(5,291)</b>	<b>(5,290)</b>
<b>Balance at 31 March 2018 carried forward</b>	<b>(102)</b>	<b>(102)</b>	<b>2,440</b>	<b>2,338</b>
<b>Balance at 31 March 2018 carried forward</b>	<b>(102)</b>	<b>(102)</b>	<b>2,440</b>	<b>2,338</b>
<b><u>Movement in Reserves during 2018/2019</u></b>				
<b>Total Comprehensive Expenditure and Income</b>	322	<b>322</b>	<b>(134)</b>	<b>188</b>
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 9)	<b>(322)</b>	<b>(322)</b>	322	-
<b>(Increase)/Decrease in 2018/2019</b>	<b>-</b>	<b>-</b>	<b>188</b>	<b>188</b>
<b>Balance at 31 March 2019 carried forward</b>	<b>(102)</b>	<b>(102)</b>	<b>2,628</b>	<b>2,526</b>

The notes on pages 25 to 44 form part of these Financial Statements

## TAYSIDE VALUATION JOINT BOARD

### BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Board. The net liabilities of the Joint Board (assets less liabilities) are matched by the reserves held by the Joint Board. Reserves are reported in two categories. The first category is usable reserves, ie those that the Joint Board may use to provide services, subject to the need to maintain a prudent level of reserves. The second category is unusable reserves that the Joint Board is not able to use to provide services. This category includes reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31st March 2018 £000	Note	31st March 2019 £000
103 Property, Plant & Equipment	22	134
<b>103 Long Term Assets</b>		<b>134</b>
39 Short Term Debtors	24	40
445 Cash and Cash Equivalents	14	468
<b>484 Current Assets</b>		<b>508</b>
(455) Short Term Creditors	25	(429)
(55) Capital Contributions Receipts in Advance	28	(82)
<b>(510) Current Liabilities</b>		<b>(511)</b>
(2,415) Net Pension Liabilities	18	(2,657)
<b>(2,415) Long Term Liabilities</b>		<b>(2,657)</b>
<b>(2,338) Net Liabilities</b>		<b>(2,526)</b>
102 Usable reserves	10	102
(2,440) Unusable Reserves	11	(2,628)
<b>(2,338) Total Reserves</b>		<b>(2,526)</b>

**Gregory Colgan ACMA, CGMA**  
**Treasurer**  
**Tayside Valuation Joint Board**  
**24<sup>th</sup> June 2019**

The notes on pages 25 to 44 form part of the financial statements

## TAYSIDE VALUATION JOINT BOARD

### CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Board during the reporting period. The statement shows how the Joint Board generates and uses cash and cash equivalents by classifying cash flows as operating and investing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Board are funded by way of requisitions from Constituent Authorities. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Joint Board's future service delivery.

<b>2017/2018</b>		<b>2018/2019</b>
<b>£000</b>		<b>£000</b>
574	Net (surplus) or deficit on the provision of services	322
(551)	Adjust net (surplus) or deficit on the provision of services for non cash movements	(417)
<b>23</b>	<b>Net cash flows from Operating Activities (note 12)</b>	<b>(95)</b>
23	Investing Activities (note 13)	72
<b>46</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>(23)</b>
491	Cash and cash equivalents at the beginning of the reporting period	445
<b>445</b>	<b>Cash and cash equivalents at the end of the reporting period (note 14)</b>	<b>468</b>

The notes on pages 25 to 44 form part of the financial statements

**TAYSIDE VALUATION JOINT BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1 ACCOUNTING POLICIES**

**A General Principles**

The Annual Accounts summarises the Joint Board's transactions for the 2018/2019 financial year and its position at the year-end of 31 March 2019. The Board is required to prepare Annual Accounts by the The Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires that they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 and the Service Reporting Code of Practice 2018/2019, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act. The accounts have been prepared on a going concern basis. The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

**B Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Revenue from the provision of services is recognised when the Joint Board can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Joint Board.
- Expenses in relation to services received (including those rendered by the Joint Board's employees) are recorded as expenditure when the services are received, rather than when payments are made.
- Where revenue and expenditure have 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 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.

**C Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. In the Cash Flow Statement (page 23), cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Joint Board's cash management.

**D Changes in Accounting Policies and Estimates and Errors**

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Joint Board's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## **E Charges to Revenue for Non-Current Assets**

Tayside Valuation Joint Board accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the Joint Board

The Joint Board is not required to raise requisition income to cover depreciation. Depreciation is therefore reversed by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

## **F Employee Benefits**

### Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits (eg cars) for current employees, are recognised as an expense in the year in which employees render service to the Joint Board. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year, being the period in which the employee takes the benefit. The accrual is made at the wage and salary rates applicable in the following accounting year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Joint Board to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits, and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Joint Board can no longer withdraw the offer of those benefits or when the Joint Board recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Reserve balance to be charged with the amount payable by the Joint Board to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### Post Employment Benefits

Employees of the Joint Board are members of the Local Government Pension Scheme (Tayside Pension Fund), a defined benefits scheme which is administered by Dundee City Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Joint Board.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Tayside Pension Fund attributable to the Joint Board are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond, iBoxx AA rated over 15 year corporate bond index.

The assets of the Tayside Pension Fund attributable to the Joint Board are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

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

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to staff costs
  - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - net interest on the defined benefit liability, ie net interest expense for the Joint Board – the change during the period 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 – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability at the beginning of the period – taking into account any changes the net defined benefit liability during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - the return on scheme assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pension Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains and losses – 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 Tayside Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

#### *Discretionary Benefits*

The Joint Board also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## **G Events After the Reporting Period**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect

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

## **H Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and contributions are recognised as due to the Joint Board when there is reasonable assurance that:

- the Joint Board will comply with the conditions attached to the payments, and
- the grants or contributions will be received

Amounts recognised as due to the Joint Board are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Where contributions are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Reserve Balance in the Movement in Reserves Statement. Where the grant or contribution has yet to be used to finance capital expenditure, it is posted to the Capital Contributions Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Contributions Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

## **I Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### The Joint Board as Lessee

#### *Finance Leases*

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease together with an equivalent deferred liability for the obligation to pay the lessor. Where applicable, any initial direct costs of the Joint Board are added to the carrying amount of the asset. Any premiums paid on entry into a lease are applied to writing down the lease liability.

Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property, Plant and Equipment recognised under finance leases is accounted for using the relevant accounting policies applied generally to such assets eg depreciation, revaluation and impairment review.

#### *Operating Leases*

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg if there is a rent-free period at the commencement of the lease).

## **J Property, Plant and Equipment**

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

#### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Joint Board and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

#### Measurement

Assets are initially measured at cost, comprising:

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

Assets are then carried in the Balance Sheet at fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

#### Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and



Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Amounts received for disposals are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Joint Board's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Reserve Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against requisition income, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Reserve Balance in the Movement in Reserves Statement.

#### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. Depreciation for computer equipment is calculated on the straight line basis over 5 years.

### **K Provisions, Contingent Liabilities and Contingent Assets**

#### Provisions

Provisions are made where an event has taken place that gives the Joint Board a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For example, the Joint Board may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation. Provisions are charged as an expense to the Comprehensive Income and Expenditure Statement in the year that the Joint Board becomes aware of the obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the Comprehensive Income and Expenditure Statement. Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the Joint Board if it is virtually certain that reimbursement will be received if the Joint Board settles the obligation.

#### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Joint Board a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Joint Board. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

#### Contingent Assets

A contingent asset arises where an event has taken place that gives the Joint Board a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Joint Board. Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### **L Reserves**

Reserves are created by transferring amounts out of the General Reserve Balance 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/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Reserve Balance in the Movement in Reserves Statement so that there is no net charge against requisition income for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits and these reserves do not represent usable resources for the Joint Board. Further information on the Joint Board's reserves is contained in notes 10 and 11.

## **M VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## **2 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out in Note 1, the Joint Board has had to make certain judgements about future events. The key judgement made in the Annual Accounts relates to the high degree of uncertainty about future levels of funding for public bodies. The Joint Board has determined that this uncertainty is not sufficient to provide an indication that the assets of the Joint Board might be impaired as a result of a need to reduce levels of service provision or affect the underlying assumption of the Joint Board's going concern basis.

The Joint Board's Balance Sheet as at 31<sup>st</sup> March 2019 shows a net liability of £2.527m ( at 31<sup>st</sup> March 2018 £2.338m). The significant factor in this is the IAS 19 Pensions Liability of £2.657m (31<sup>st</sup> March 2017 £2.415m), which is based on a "snapshot" at 31<sup>st</sup> March 2019 and is particularly sensitive to vagaries of the equities market and to the discount rate applied to determine the present value of future liabilities. The IAS 19 Pension Liability is a notional figure and does not require to be funded in the short term. Any projected liability on the Tayside Pension Fund is recouped by increased employer's contributions. The IAS 19 Pension Liability does not impact on the Joint Board's General Fund or budget requirements and does not affect the underlying assumption of the Joint Board's Going Concern status.

## **3 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET BEEN ADOPTED.**

The following accounting standards have been issued in the 2019/2020 Code of Practice on Local Authority Accounting in the United Kingdom but are not yet adopted.

*Amendments to IAS 40 Investment Property: Transfers of Investment Property*

*Annual Improvements to IFRS Standards 2014-2016 Cycle*

*IFRIC 22 Foreign Currency Transactions and Advance Consideration*

*IFRIC 23 Uncertainty over Income Tax Treatments*

*Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation*

An assessment has been carried out on the Joint Board annual accounts, and the above standards are not expected to have a significant impact on the annual accounts.

## **4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

The Annual Accounts contain estimated figures that are based on assumptions made by the Joint 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 key item in the Joint Board's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Board with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in pension liability of £646,000.

**5 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - OTHER OPERATING INCOME & EXPENDITURE**

2017/2018		2018/2019
£000		£000
(440)	Recharge for Electoral Registration (Note 20)	(452)
(54)	Other Income	(14)
<b>(494)</b>	<b>Total</b>	<b>(466)</b>

**6 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

2017/2018		2018/2019
£000		£000
220	Net interest on the net defined benefit liability	69
(2)	Interest receivable and similar income	(5)
<b>218</b>	<b>Total</b>	<b>64</b>

**7 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT – TAXATION AND NON-SPECIFIC GRANT INCOME**

2017/2018		2018/2019
£000		£000
(147)	Government Grants (see note 29)	(119)
<b>(147)</b>	<b>Total</b>	<b>(119)</b>

**8 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - RECOGNISED CAPITAL INCOME**

2017/2018		2018/2019
£000		£000
(23)	Capital Contributions from Constituent Authorities in year	(98)
<b>(23)</b>	<b>Total</b>	<b>(98)</b>

**9 MOVEMENT IN RESERVES STATEMENT - ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Joint Board in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Joint Board to meet future capital and revenue expenditure.

	General Reserve Balance £000	Movement in Unusable Reserves £000	Total £000
<b>2018/2019</b>			
<b>Adjustments involving the Capital Adjustment Account:</b>			
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>			
Charges for depreciation and impairment of non current assets	(38)	38	-
Capital contributions that have been applied to capital financing	72	(72)	-
<b>Adjustments involving the Pensions Reserve:</b>			
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 11)	(713)	713	-
Employer's pensions contributions and direct payments to pensioners payable in the year	337	(337)	-
<b>Adjustment involving the Employee Statutory Adjustment Account:</b>			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory	20	(20)	-
<b>Total Adjustments</b>	<b>(322)</b>	<b>322</b>	<b>-</b>

#### 2017/2018

##### Adjustments involving the Capital Adjustment Account:

Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:

Charges for depreciation and impairment of non current assets	(38)	38	-
Capital contributions that have been applied to capital financing	23	(23)	-

##### Adjustments involving the Pensions Reserve:

Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 11)	(906)	906	-
Employer's pensions contributions and direct payments to pensioners payable in the year	343	(343)	-

##### Adjustment involving the Employee Statutory Adjustment Account:

Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	5	(5)	-
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<b>Total Adjustments</b>	<b>(573)</b>	<b>573</b>	<b>-</b>
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## 10 BALANCE SHEET - USABLE RESERVES

Movements in the Joint Board's usable reserves are detailed in the Movement in Reserves Statement on page 21.

## 11 BALANCE SHEET - UNUSABLE RESERVES

2017/2018 £000		2018/2019 £000
64	Capital Adjustment Account	98
(2,415)	Pensions Reserve	(2,657)
(89)	Employee Statutory Adjustment Account	(69)
<b>(2,440)</b>	<b>Total Unusable Reserves</b>	<b>(2,628)</b>

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation and impairment losses are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Joint Board as finance for the costs of acquisition, construction and enhancement.

Note 9 provides details of the source of all the transactions posted to the Account.

2017/2018 £000		2018/2019 £000
79	<b>Balance at 1 April</b>	64
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(38)	Charges for depreciation and impairment of non current assets	(38)
41	Capital financing applied in the year:	26
	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	
23		72
<b>64</b>	<b>Balance at 31 March</b>	<b>98</b>

### 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 Joint 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 Joint Board makes employer's contributions to pensions funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Joint 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.

2017/2018 £000		2018/2019 £000
(7,716)	<b>Balance at 1 April</b>	(2,415)
5,864	Re-measurement of the net defined benefit liability/(asset)	134
	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	
(906)		(713)
343	Employer's pensions contributions and direct payments to pensioners payable in the year	337
<b>(2,415)</b>	<b>Balance at 31 March</b>	<b>(2,657)</b>

### Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Reserve Balance from accruing for annual and other forms of leave earned but not taken in the year. Statutory arrangements require that the impact on the General Reserve Balance is neutralised by transfers to or from the Account.

2017/2018 £000		2018/2019 £000
<b>(94)</b>	<b>Balance at 1 April</b>	<b>(89)</b>
94	Settlement or cancellation of accrual made at the end of the preceding	89
<b>(89)</b>	Amounts accrued at the end of the current year	<b>(69)</b>
5	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	20
<b>(89)</b>	<b>Balance at 31 March</b>	<b>(69)</b>

## 12 CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2017/2018 £000		2018/2019 £000
<b>(2)</b>	Interest received	<b>(5)</b>
<b>(2)</b>	<b>Total Operating Activities</b>	<b>(5)</b>

## 13 CASH FLOW STATEMENT - INVESTING ACTIVITIES

2017/2018 £000		2018/2019 £000
23	Purchase of property, plant and equipment	72
<b>23</b>	<b>Total Investing Activities</b>	<b>72</b>

## 14 CASH FLOW STATEMENT - CASH AND CASH EQUIVALENTS

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

31st March 2018 £000		31st March 2019 £000
445	Bank current account	468
<b>445</b>	<b>Total cash and cash equivalents</b>	<b>468</b>

15 **AGENCY SERVICES**

Tayside Valuation Joint Board provides a comprehensive electoral registration service on behalf of Angus Council and Perth & Kinross Council.

	2017/2018 £000	2018/2019 £000
Expenditure incurred in providing electoral registration services to Angus Council	222	182
Fee payable by Angus Council	(222)	(182)
Net surplus arising on the agency arrangement	-	-
Expenditure incurred in providing electoral registration services to Perth & Kinross Council	319	270
Fee payable by the Perth & Kinross Council	(319)	(270)
Net surplus arising on the agency arrangement	-	-

16 **MEMBERS' ALLOWANCES**

The Tayside Valuation Joint Board were recharged by Angus and Dundee City Councils for the following allowances paid to the Convener and Vice-Convener:

	2017/2018 £000	2018/2019 £000
Convener and Vice-Convener Allowances	6	6
Total Members Allowances	6	6

17 **EXTERNAL AUDIT COSTS**

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

	2017/2018 £000	2018/2019 £000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	7	7
<b>Total</b>	<b>7</b>	<b>7</b>

18 **DEFINED BENEFIT PENSION SCHEME**

**Participation in pension scheme**

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

The Joint Board participates in the Local Government Pension Scheme (Tayside Pension Fund), which is administered by Dundee City Council and is a funded defined benefit statutory scheme, meaning that the Joint Board and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The scheme currently provides benefits based on career average revalued salary and length of service on retirement.

The Joint Board also has liabilities for any discretionary pension payments outside the main scheme. These benefits are an unfunded defined benefit arrangement and liabilities are recognised when awards

are made. There is no investment assets built up to meet the pensions liabilities for discretionary awards, and cash has to be generated to meet actual pension payments as they eventually fall. IAS 19 information is provided by Barnett Waddingham LLP, the independent actuaries to the Fund.

The principal risks to the Joint Board of the scheme are the life expectancy assumptions, statutory changes to the scheme, structural changes (i.e. large-scale withdrawals of members from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

### Transactions relating to post employment benefits

The Joint 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 requisition funding is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

<b>Local Government Superannuation Scheme</b>	<b>Local Government Superannuation Scheme</b>	
	<b>2017/2018</b>	<b>2018/2019</b>
<b>Comprehensive Income and Expenditure Statement</b>	<b>£000</b>	<b>£000</b>
Cost of Services:		
• current service cost	686	644
Financing and Investment Income and Expenditure		
• net interest on the defined liability	212	57
• administration expenses	8	12
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>906</b>	<b>713</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>		
Remeasurement of the net defined liability comprising:		
• Return on plan assets (excluding the amount included in the net interest expense)	690	583
• Actuarial gains and losses arising on changes in financial assumptions	1,541	(1,435)
• Other	3,633	986
	<b>5,864</b>	<b>134</b>
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>6,770</b>	<b>847</b>
<b>Movement in Reserves Statement</b>		
• reversal of net changes made to the Surplus or Deficit for Provision of Services for post employment benefits in accordance with the Code	(906)	(713)
Actual amount charged against the General Reserve Balance for pensions in the year:		
• employer's contributions payable to scheme	343	337

### Pensions Assets and Liabilities Recognised in the Balance Sheet

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



<b>Local Government Pension Scheme</b>	<b>2017/2018</b>	<b>2018/2019</b>
	<b>£000</b>	<b>£000</b>
Present value of funded obligation	29,598	30,836
Fair value of Scheme assets (bid value)	(27,476)	(28,459)
<b>Net liability</b>	<b>2,122</b>	<b>2,377</b>
Present value of unfunded obligation	293	280
<b>Net liability in balance sheet</b>	<b>2,415</b>	<b>2,657</b>

Reconciliation of fair value of the scheme assets:

<b>Local Government Pension Scheme</b>	<b>2017/2018</b>	<b>2018/2019</b>
	<b>£000</b>	<b>£000</b>
Opening balance at 1 April	25,782	27,476
Interest income on assets	716	697
Return on assets less interest	690	583
Other Actuarial Gains/(Losses)	684	-
Administrative expenses	(8)	(12)
Employer contributions	343	337
Contributions by scheme participants	155	133
Benefits paid	(886)	(755)
Closing balance at 31 March	27,476	28,459

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

<b>Funded Liabilities: Local Government Pension Scheme</b>	<b>Funded liabilities: Local Government Pension</b>	
	<b>2017/2018</b>	<b>2018/2019</b>
	<b>£000</b>	<b>£000</b>
Opening balance at 1 April	33,498	29,891
Current service cost	686	644
Interest cost	928	754
Contributions by scheme participants	155	133
<i>Remeasurement gains &amp; losses:</i>		
- Change in financial assumptions	(857)	1,435
- Change in demographic assumptions	(1,808)	(986)
Experience loss/(gain) on defined benefit obligation	(1,825)	-
Benefits paid	(886)	(755)
Closing balance at 31 March	29,891	31,116

The estimated asset allocation of the Local Government Pension Scheme's assets relating to the Joint Board consist of the following categories, by proportion of the total assets held:

	<b>31st March 2018</b>		<b>31st March 2019</b>	
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
Equities	18,990	69%	19,658	69%
Gilts	1,457	5%	407	1%
Other Bonds	3,181	12%	4,270	15%
Property	3,238	12%	3,553	13%
Cash	607	2%	503	2%
Alternatives	3	0%	68	0%
	27,476	100%	28,459	100%

#### **Basis for estimating assets and liabilities**

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 Tayside Pension Fund has been assessed by Barnett Waddingham, an independent firm of actuaries, based on the latest triennial actuarial valuation as at 31 March 2017.

The significant assumptions used by the actuary have been:

	<b>2017/2018</b>	<b>2018/2019</b>
<i>Mortality assumptions:</i>		
Longevity at 65 for current pensioners (years):		
Men	20.3	19.6
Women	22.2	21.6
Longevity at 65 for future pensioners (years):		
Men	22.1	21.3
Women	24.1	23.4
<i>Other assumptions:</i>		
Rate of inflation (RPI)	3.30%	3.40%
Rate of inflation (CPI)	2.30%	2.40%
Rate of increase in salaries	3.30%	3.40%
Rate of increase in pensions	2.30%	2.40%
Rate for discounting scheme liabilities	2.55%	2.40%

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 assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some 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 cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the defined benefit obligation in the Scheme, (based on projected value of total obligation of £29.891m and projected service cost of £661,000 at 31<sup>st</sup> March 2018).

	<b>£000</b>	<b>£000</b>
Adjustment to discount rate:	+0.1%	-0.1%
Present value of total obligation	30,524	31,270
Projected service cost	648	678
Adjustment to long term salary increase:	+0.1%	-0.1%
Present value of total obligation	31,210	31,021
Projected service cost	663	663
Adjustment to pension increases and deferred revaluation:	+0.1%	-0.1%
Revaluation		
Present value of total obligation	31,624	30,617
Projected service cost	678	649
Adjusted to mortality age rating assumption	+1 Year	-1 Year
Present value of total obligation	32,227	30,042
Projected service cost	686	641

#### **Impact on the Joint Board's Cash Flows**

The total contributions expected to be made to the Local Government Pension Scheme by the Joint Board in the year to 31 March 2020 are £349,000.

The weighted average duration of the defined benefit obligation for scheme members is 23 years in 2018/2019 (2017/2018 – 23 years).

## 19 EVENTS AFTER THE BALANCE SHEET DATE

There were no events that occurred between 1 April 2019 and 24<sup>th</sup> June 2019 that would have an impact on the 2018/2019 financial statements. The latter date is the date on which the annual accounts were authorised for issue by the Treasurer.

## 20 RELATED PARTIES

The Joint Board is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Joint Board or to be controlled or influenced by the Board. Disclosure of these transactions allows readers to assess the extent to which the Joint 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 Joint Board.

The three Constituent Councils are considered to be related parties of the Valuation Joint Board and during the 2017/2018 financial year, the Joint Board entered into a number of transactions with the Constituent Councils as detailed below:

2017/2018			2018/2019	
Charges To	Charges From		Charges To	Charges From
£000	£000		£000	£000
<b>Angus Council</b>				
(724)	-	Valuation Services Requisition	(720)	-
(176)	-	Electoral Services Recharge	(182)	-
(8)	-	Contribution to Capital Expenditure	(32)	-
(47)	-	Sundry Recoveries and Sales	(47)	-
-	4	Vice-Convenor Recharge	-	4
-	5	Office Cleaning Services	-	5
-	23	Property Rental (Ravenswood)	-	84
-	-	Non Domestic Rates	-	21
-	17	Recharged Expenditure	-	-
<b>(955)</b>	<b>49</b>		<b>(981)</b>	<b>114</b>
<b>Dundee City Council</b>				
(903)	-	Valuation Services Requisition	(903)	-
(8)	-	Contribution to Capital Expenditure	(33)	-
(3)	-	Interest Receivable	(5)	-
-	40	Central Support Services	-	38
-	42	Non Domestic Rates	-	6
-	18	Recharged Expenditure	-	-
<b>(914)</b>	<b>100</b>		<b>(941)</b>	<b>44</b>
<b>Perth &amp; Kinross Council</b>				
(1,137)	-	Valuation Services Requisition	(1,141)	-
(263)	-	Electoral Services Recharge	(270)	-
(8)	-	Contribution to Capital Expenditure	(33)	-
(56)	-	Sundry Recoveries and Sales	-	-
-	24	Non Domestic Rates	-	24
-	33	Recharged Expenditure	-	33
<b>(1,464)</b>	<b>57</b>		<b>(1,444)</b>	<b>57</b>

The undernoted balance existed between the Joint Board and its related parties as at 31 March 2019.

31 March 2018			31 March 2019	
Amounts	Amounts		Amounts	Amounts
Due From	Due To		Due From	Due To
£000	£000		£000	£000
<b>Angus Council</b>				
-	83	Valuation Services Requisition	-	-
-	-	Recharged Expenditure	-	15
<b>-</b>	<b>83</b>		<b>-</b>	<b>15</b>
<b>Dundee City Council</b>				
-	-	Valuation Services Requisition	-	-
(2)	-	Interest Receivable	(5)	-
-	-	Recharged Expenditure	-	14
<b>(3)</b>	<b>1</b>		<b>(5)</b>	<b>14</b>
<b>Perth &amp; Kinross Council</b>				
-	-	Valuation Services Requisition	-	1
-	26	Recharged Expenditure	-	-
<b>-</b>	<b>1</b>		<b>-</b>	<b>1</b>

## 21 LEASES

### Board as Lessee

#### *Finance Leases*

The Valuation Joint Board held no assets on finance lease during 2018/2019 and accordingly, there were no finance lease rentals paid to lessors during 2018/2019 (2017/2018 None).

#### *Operating Leases*

The Valuation Joint Board occupied office premises in Perth and Forfar on operating leases during 2018/2019. The total operating lease rentals paid to lessors in 2018/2019 were £115,367 (2017/2018 £156,200).

In addition, Dundee City Council administers a Contract Car Hire Scheme on behalf of the employees of the Joint Board. In the financial year 2018/2019, total operating lease rental payments of £13,719 (2017/2018 £26,578) were made by the Joint Board to the lessor, offset by contributions of £4,880 from employees (2017/2018 £20,358).

In respect of operating leases at 31 March 2019, the Valuation Joint Board is committed to making payments to lessors of £670,483 (at 31 March 2018 - £492,550). This comprises the following elements:

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

	31 March 2018	31 March 2019
	£000	£000
Not later than one year	113	109
Later than one year and not later than five years	367	311
Later than five years	13	250
	<b>493</b>	<b>670</b>

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31 March 2018	31 March 2019
	£000	£000
Lease payments	156	129
Employee contributions	(20)	(5)
	<u>136</u>	<u>124</u>

## 22 PROPERTY, PLANT AND EQUIPMENT

Movements in Value of Information Technology Equipment during 2018/2019

<b>Gross Book Value</b>	<b>£000</b>
At 1 April 2018	282
Additions	72
Disposals	(39)
<b>At 31 March 2019</b>	<u><b>315</b></u>
<b>Accumulated Depreciation and Impairment</b>	
At 1 April 2018	(179)
Depreciation charge	(38)
Written Back on Disposals	36
<b>At 31 March 2019</b>	<u><b>(181)</b></u>
<b>Net Book Value</b>	
<b>At 31 March 2019</b>	<u><b>134</b></u>
<b>At 31 March 2018</b>	<u><b>103</b></u>

### Depreciation

For the calculation of depreciation, all assets have been assigned a useful economic life of 5 years with no residual value assumed. All assets are Information Technology equipment.

### Capital Commitments

At its meeting on 21st January 2019, the Joint Board approved a new 3 year Capital Programme (2019 - 2022) which reflected the latest phasing of existing projects. The new programme for capital expenditure is as follows:

- 2019/2020 - £23,000
- 2020/2021 - £23,000
- 2022/2022 - £23,000

The programme is to be funded by capital contributions from the three Constituent Councils. None of the proposed expenditure in the 2019-2022 programme was legally committed as at 31 March 2019.

## 23 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

	2017/2018	2018/2019
	£000	£000
Capital investment:		
Property, Plant and Equipment	23	71
Sources of finance:		
Contributions from Constituent Councils in year	(23)	(71)
Closing Capital Financing Requirement	<u>-</u>	<u>-</u>

24 **SHORT TERM DEBTORS**

	<b>31 March 2018</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>
Central government bodies	19	33
Local authorities	2	-
Other entities and individuals	18	7
<b>Total</b>	<b>39</b>	<b>40</b>

25 **SHORT TERM CREDITORS**

	<b>31 March 2017</b>	<b>31 March 2018</b>
	<b>£000</b>	<b>£000</b>
Central government bodies	3	3
Local authorities	124	31
Other entities and individuals	328	395
<b>Total</b>	<b>455</b>	<b>429</b>

26 **CONTINGENT LIABILITIES**

No contingent liabilities existed at 31 March 2019 (31 March 2018 None).

27 **CONTINGENT ASSETS**

No contingent assets existed at 31 March 2019 (31 March 2018 None).

28 **CAPITAL CONTRIBUTION INCOME**

The Authority credited the following contributions to the Comprehensive Income and Expenditure Statement:

	<b>2017/2018</b>	<b>2017/2018</b>
	<b>£000</b>	<b>£000</b>
Capital Contributions from Constituent Councils	23	98
Capital Contributions – UK Cabinet Office	-	-
<b>Total</b>	<b>23</b>	<b>98</b>

The Authority has received contributions in previous years that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the Constituent Councils should they not be required to fund the capital programme. The movements in the year are as follows:

	<b>31 March 2018</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>
<b>Capital Contributions Receipts in Advance:</b>		
At 1 April	55	55
Capital Contributions received in year		
Constituent Councils	23	98
UK Cabinet Office	-	-
Transfer to Recognised Capital Income	<b>(23)</b>	<b>(71)</b>
<b>At 31 March</b>	<b>55</b>	<b>82</b>

## 29 GRANT INCOME

The Joint Board credited the following grants to the Comprehensive Income and Expenditure statement:

	<b>31 March 2018</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>
UK Cabinet Office – Individual Electoral Registration Funding	147	119
<b>Total</b>	<b>147</b>	<b>119</b>

A proportion of the funding received from the UK Cabinet Office for Individual Electoral Registration has yet to be recognised as income and the balance at the year end is as follows:

	<b>31 March 2018</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>
UK Cabinet Office – Individual Electoral Registration Funding	109	105
<b>Total</b>	<b>109</b>	<b>105</b>

This balance is included in Short Term Creditors in the Balance Sheet.

## **INDEPENDENT AUDITOR'S REPORT**

The Annual Accounts set out in pages 20-45 are subject to audit in accordance with the requirements of Part vii of the Local Government (Scotland) Act 1973.

The Auditor appointed for this purpose by the Accounts Commission for Scotland is:

Bruce Crosbie  
Senior Manager  
Audit Services  
Audit Scotland  
4<sup>th</sup> Floor  
102 West Port  
Edinburgh  
EH3 9DN