

**REPORT TO: TAYSIDE VALUATION JOINT BOARD - 19 NOVEMBER 2012**

**REPORT ON: RESPONSE TO EXTERNAL AUDITOR'S ANNUAL REPORT ON THE 2011/12 AUDIT - PREPARED FOR MEMBERS OF TAYSIDE VALUATION JOINT BOARD AND THE CONTROLLER OF AUDIT.**

**REPORT BY: TREASURER**

**REPORT NO: TVJB 20-2012**

## **1 PURPOSE OF REPORT**

This report is a response to the report prepared by the Board's External Auditor on the audit of Tayside Valuation Joint Board for the year ended 31 March 2012. A copy of the External Auditor's report and the Board's Audited Statement of Accounts are included on the agenda as separate items.

## **2 RECOMMENDATIONS**

It is recommended that the Board:-

- i endorses this report as the formal response to the External Auditor's report;
- ii notes that the External Auditor's findings and conclusions are favourable;

## **3 FINANCIAL IMPLICATIONS**

None.

## **4 MAIN TEXT**

### Introduction

- 4.1 The external audit of the Board for the financial year 2011/2012 was carried out by Mr Stephen Reid, Director, KPMG. The Joint Board's External Auditors are appointed for a five year period and the financial year 2011/2012 marked the first year of KPMG's appointment.

### External Auditor's Report

- 4.2 The External Auditor's report outlines his main responsibilities as auditor and describes the scope of audit work undertaken during 2011/2012, and the issues arising from that work. The report is divided into the following areas:
- Executive summary
  - Accounting policies
  - Use of resources
  - Governance
- 4.3 In addition to the Members of the Board, the External Auditor's Report is also addressed to the Controller of Audit at the Accounts Commission for Scotland. Given this wider audience, and the extent of the External Auditor's responsibilities and scope of work, his report is by necessity both fulsome and extensive.

A copy of the report is included on the agenda as a separate item. Accordingly, it is not the intention of this report to provide a detailed response or commentary on all the External Auditor's findings.

### Conclusions

4.4 During 2011/2012, the External Auditor examined a number of areas covering a wide range of the Board's activities. It is pleasing to note that the auditor's overall findings and conclusions are satisfactory. In particular, the Board can take encouragement from the following:

- the accounts were submitted in advance of the statutory requirements and the agreed audit timetable
- an unqualified opinion was issued on the financial statements
- good quality financial statements were prepared for audit
- good quality supporting documentation was made available in electronic format to support the unaudited financial statements
- over-arching and supporting corporate governance arrangements provide a sound framework for organisational decision-making
- a self-assessment of the effectiveness of corporate governance arrangements undertaken in 2011-12 identified a high level of compliance
- internal audit reported that the Joint Board had adequate and effective internal control systems
- appropriate arrangements are established in respect of standards of conduct and prevention and detection of fraud and irregularity.

## 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 identified.

## 6 **CONSULTATIONS**

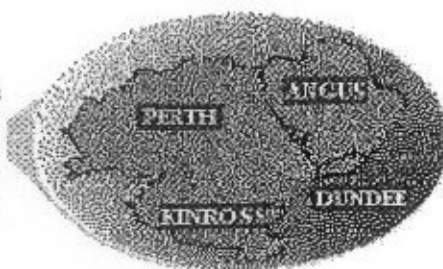
The Assessor and Clerk to the Joint Board have been consulted on the content of this report.

## 7 **BACKGROUND PAPERS**

KPMG - Annual audit report to the members of Tayside Valuation Joint Board and the Controller of Audit - Year ended 31 March 2012 (September 2012).

**MARJORY M STEWART**  
**TREASURER**

**07 NOVEMBER 2012**



## **TAYSIDE VALUATION JOINT BOARD**

### **STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012**

**AUDITED**

**September 2012**

**TAYSIDE VALUATION JOINT BOARD**  
**STATEMENT OF ACCOUNTS 2011/2012**

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## TAYSIDE VALUATION JOINT BOARD

### MEMBERS AND OFFICIALS

Tayside Valuation 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 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 during 2011/2012 is shown below.

The 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 Board provides the administrative framework within which the Assessor's Department operates. The Board Members provide an essential link between the Assessor, the Councils in the area and the electorate.

At the end of the financial year 2011/2012, the Members and Officials of the Board were:

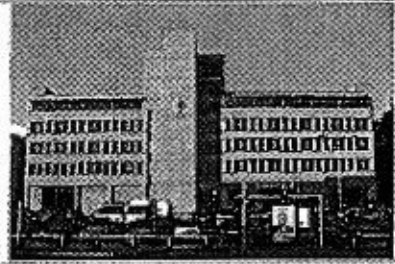
<b>Representing Dundee City Council</b>	
Councillor Tom Ferguson (Convener) Councillor David Bowes Councillor Andy Dawson Councillor Christina Roberts Bailie George Regan Bailie Roderick A J Wallace	
<b>Representing Angus Council</b>	
Councillor Mark Salmond (Angus Spokesperson) Councillor John Whyte Councillor Helen Oswald Councillor Paul Valentine	
<b>Representing Perth and Kinross Council</b>	
Councillor Peter Mulheron Councillor David Scott Councillor Lewis Simpson (Vice-Convener) Councillor Alexander Stewart Councillor Archie MacLellan	
<b>Assessor</b>	
Mr John M Galbraith FRICS	
<b>Clerk to the Board</b>	
Ms Patricia McIlquham LLB, Dundee City Council (retired 30 March 2012)	
<b>Treasurer</b>	
Mrs Marjory Stewart, FCCA, CPFA, Dundee City Council	

## TAYSIDE VALUATION JOINT BOARD

### CONTACT DETAILS

The Assessor & Depute Assessor can be contacted at:

Tayside Valuation Joint Board  
Whitehall House  
35 Yeaman Shore  
DUNDEE DD1 4BU  
Tel: 01382 315602  
Fax: 01382 315600



For properties in Angus Council Area, contact:

The Assistant Assessor  
Tayside Valuation Joint Board  
Ravenswood  
New Road  
FORFAR DD8 2ZA  
Tel: 01307 462416



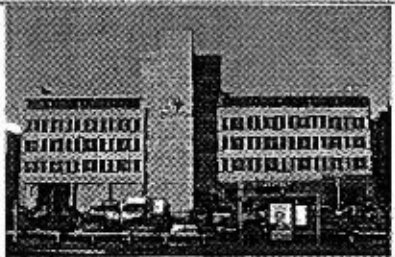
For properties in Perth & Kinross Council Area, contact:

The Assistant Assessor  
Tayside Valuation Joint Board  
Robertson House  
Whitefriars Crescent  
PERTH PH2 0LG  
Tel: 01738 630303  
Fax: 01738 639753



For properties in Dundee City Council Area, contact:

The Assistant Assessor  
Tayside Valuation Joint Board  
Whitehall House  
35 Yeaman Shore  
DUNDEE DD1 4BU  
Tel: 01382 221177  
Fax: 01382 315600



The Valuation 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

### ASSESSOR'S REPORT

#### INTRODUCTION

This report outlines the various matters addressed by the Board during Financial Year 2011/12. In addition, it gives a background to the service provided by the Assessor, together with details of specific developments within each of the three core functions undertaken by the Board through the Assessor.

#### MATTERS CONSIDERED BY THE BOARD

The first Board meeting of the financial year was held on 9 May 2011. It was the last meeting attended by the Assessor, N Clark Low, who retired on 30 June 2011, having held that position since 2004. The Board noted that John Galbraith had been appointed as the new Assessor.

At the May meeting the Board noted the Assessor's annual report on Freedom of Information/Data Protection issues and associated statistical information. The Board approved a Single Equality Scheme to replace three separate schemes relating to race, gender and disability equalities. A report seeking approval of the appointment of an external provider to undertake the work of producing and issuing Electoral Canvass Enquiry Forms was also considered and approved. The Treasurer presented a report on updated Fraud Guidelines, which was also approved.

At the meeting in August 2011 the Assessor's Annual Public Performance Report, containing information in relation to the Assessor's three statutory functions and associated details on performance, staffing, customer satisfaction and budget, was approved. The Assessor's annual report on Health & Safety indicated that such matters continued to be monitored effectively and that no incidents had arisen during the year. The Board noted the appointment of Assistant Assessors for each of the three divisional offices, following the review of the Assessor's management structure.

In November, the Board approved a review of the staff structure of the Assessor's Information Technology section and Headquarters Administration section. Financial Reports, including the 2010/11 Statement of Audited Accounts, the External Auditor's report to members and the Treasurer's response were submitted at that meeting. The Board also noted the contents of various Internal Audit reports, including the Annual Internal Audit Report for 2010/11.

At the final meeting of the financial year, in January 2011, the Board noted the Assessor's annual report on Risk Management and Business Continuity arrangements, which detailed the work carried out during the year to continue the implementation of the principles of good corporate governance identified in previous reviews of the Board's governance arrangements. The Assessor's annual report on progress towards meeting the aims of the Equality Scheme, together with an analysis of the disability, gender and race profile of the workforce, was also submitted to the Board. The Board also approved the revenue budget for 2012/13 and the updated capital expenditure programme for 2012/13 to 2014/15.

During the course of the year the Treasurer kept the Board apprised of the budget position by presenting three-monthly Revenue Monitoring Reports. This procedure allows the Board to monitor the position in an effort to ensure that spend is contained within the approved budget. Internal Audit reports and follow-up reviews on various aspects of the service delivery were presented to the Board throughout the year.

#### SERVICE PROFILE

The Valuation Joint Board, through the Assessor, undertakes 3 main functions which are set out below.

##### Non-Domestic Rating

The Assessor is charged with the task of compiling and maintaining the Valuation Roll, which comprises a list of non-domestic properties and their associated rateable values. The Valuation Acts direct that the Assessor is required to:-

- 1 Compile a new Valuation Roll every 5 years which, subject to prescribed exclusions, must contain all non-domestic properties within the Valuation Authority area.

- 2 Dispose of all appeals arising from the publication of the Valuation Roll. These appeals are disposed of in terms of a strict timetable which is set down in statute.
- 3 Maintain and update the Valuation Roll in accordance with current legislation, reflecting amongst others, changes of ownership, new properties, demolitions, structural alterations and other matters affecting value.

The rateable values assessed are used as the basis for charging Non-domestic Rates. Demand notices are issued annually and on an ongoing basis by the 3 Constituent Councils' Finance Departments.

### **Council Tax Banding**

In terms of the Local Government Finance Act 1992 the Assessor is required to compile a list known as the Council Tax Valuation List which must:-

- 1 Include an entry for every dwelling within the area of the Valuation Authority.
- 2 Show against each entry the relevant Valuation Band. There are 8 bands of values ranging from Band A (up to £27,000) to Band H (£212,000 and above).

The Assessor must maintain the Valuation List by adding new dwellings which have come into existence; deleting properties which are no longer appropriate for inclusion in the list; and amending the list in accordance with regulations. This includes rebanding dwellings which have been improved by alterations and subsequently sold.

### **Register of Electors**

The Assessor provides an electoral registration service for Angus Council and Perth & Kinross Council. Dundee City Council provides its own electoral registration service.

In terms of the relevant legislation, the Assessor in his role as Electoral Registration Officer has a duty to maintain registers of all persons entitled to vote at elections. This includes maintaining lists of those who wish to be provided with postal or proxy voting facilities.

The Register of Electors is published annually following an annual canvass period during which all households are contacted in an effort to confirm details of residents. Contact with households may include the issuing of forms and/or house to house visits.

Legislation allows electors to opt out of appearing in an edited copy of the Register of Electors, on which there is no restriction on access, sale and supply. The Electoral Registration Officer must therefore prepare two copies of the Register: a full version to which access, sale and supply is restricted, and an edited version.

Although published annually, the Register is maintained and updated on a rolling basis, and updates are published monthly, apart from during the canvass period.

## **2011/2012 DEVELOPMENTS**

### **Non-Domestic Rating**

The department has continued to maintain the Valuation Roll during the year, processing new entries, deletions and amendments as required. The Directors of Finance of the three constituent authorities are advised of changes weekly, which leads to efficient collection of non-domestic rates income. The Scottish Assessors' Association's national website contains details of Valuation Roll entries on an all Scotland basis, and Tayside data continues to be 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: shops, offices and industrial subjects. This enables ratepayers to check the valuations of their property and to compare them with others. There are approximately 11,750 summary valuation records, including historic records, available for Tayside properties, representing approximately 60% of all Tayside records.



The cumulative effect of all changes in entries in the Tayside Valuation Rolls during 2011/12 is shown below.

Local Authority Area	Total No of Subjects		Rateable Value		Net Effect
	01/04/2011	31/03/2012	At 01/04/2011	At 31/03/2012	
Angus Council	4,827	4,804	£ 76,568,387	£ 77,688,367	+ £1,119,980
Dundee City Council	5,701	5,697	£197,449,055	£194,480,560	- £2,968,495
Perth & Kinross Council	8,129	8,178	£145,809,770	£146,592,825	+ £ 783,055
<b>Total</b>	<b>18,657</b>	<b>18,679</b>	<b>£419,827,212</b>	<b>£418,761,752</b>	<b>- £1,065,460</b>

Performance levels in relation to Valuation Roll maintenance have slipped back following a particularly good level of performance in the previous year. This has largely been due to staff concentrating their efforts on an intensive programme of dealing with appeals listed for hearing by the Valuation Appeal Committees. Performance is measured in relation to 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 following table.

Local Authority Area	No of new and altered entries	Percentage entered of amended within		
		3 months	6 months	more than 6 months
Angus Council	298	58.4%	82.6%	17.4%
Dundee City Council	356	55.1%	77.2%	22.8%
Perth & Kinross Council	671	52.9%	77.3%	22.7%
<b>Total</b>	<b>1,325</b>	<b>54.7%</b>	<b>78.5%</b>	<b>21.5%</b>

During the course of the year, staff have been heavily involved in dealing with appeals arising from the 2010 Revaluation. In addition to the right to lodge appeals against revaluation, ratepayers are also entitled, in certain specified circumstances, to lodge appeals on the basis that there has been a material change of circumstances affecting the value of their property. Over the past two years there has been an unprecedented number of appeals lodged on the basis that there has been a fall in rental values as a result of economic recession.

A summary of appeal progress as at 31 March 2012 is shown below.

	Appeals Received	Appeals Settled	Settled Appeals Rateable Value		Appeals Outstanding	
			Original RV	Settled RV	Appeals	RV
2010 Revaluation	6,016	3,577	£85,872,315	£82,096,100	2,439	£217,087,793
2010 Running Roll	2,914	214	£ 6,641,250	£ 6,462,500	2,700	£179,580,865
2011 Running Roll	2,820	19	£ 417,770	£ 360,420	2,801	£184,187,045

The statutory final date for disposal of these appeals is 31 December 2013. It should be noted that the vast majority of running roll appeals were submitted during the last two months of the financial year.

### Council Tax Banding

The Valuation List, which comprises approximately 205,000 entries was fully maintained during the year by adding new dwellings, actioning deletions as necessary, and rebanding 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' Directors of Finance 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 Assessors' national 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 the current legislation.

The number of new dwellings entered in the Valuation List during 2011/12 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	323	80.2%	95.7%	4.3%
Dundee City Council	401	94.8%	99.0%	1.0%
Perth & Kinross Council	660	87.7%	97.6%	2.4%
<b>Total</b>	<b>1,384</b>	<b>88.0%</b>	<b>97.5%</b>	<b>2.5%</b>

Performance in relation to how quickly new entries are entered on the Valuation List has improved over the previous year when 83% were entered within 3 months and 94% within 6 months. The target for 2011/12 was to enter 90% within 3 months and 98% within 6 months.

### Register of Electors

A Scottish Parliamentary Election was held on 5 May 2011, along with a UK referendum on the Alternative Voting System. Approximately 173,400 poll cards were issued in respect of that election. In Angus 11,595 electors (13.2% of the electorate) were registered as postal voters. In Perth & Kinross the figure was 15,717 (14% of the electorate).

A By-Election for the Highland Ward of Perth & Kinross Council was held on 15 September 2011. The total electorate registered for that election was 7,183, of which 1,112 (15.6%) were registered as postal voters.

The annual canvass of electors was carried out during September and November when enquiry forms were issued to all households prior to the publication of the Register of Electors on 1 December 2011. In an effort to maximise registration levels for both areas, household visits to follow up non-responses to enquiry forms were increased to 19,343, an increase of 2,231 visits from the previous year.

Where there have been no changes to the electors registered at a household, electors may choose to confirm the position by using either a free telephone service, the internet or SMS text message. While the telephone service has been available for the past 4 years, the internet and text messaging facilities were introduced for the first time in 2011. The number of households taking advantage of these options were:-

Telephone	12,179	(11.4% of all returns)
Internet	7,324	(6.8% of all returns)
Text Message	<u>2,110</u>	(2.0% of all returns)
	<u>21,613</u>	(20.2% of all returns)

In the previous year 22,450 households responded by telephone when that was the only available alternative to returning the enquiry form. Other records available to the Electoral Registration Officer were used to confirm and ascertain relevant information where returns were not made. Advertising campaigns were conducted at national and local level in efforts to increase public awareness of the importance of registration.

The electorate as at 1 December 2011 for Angus and Perth & Kinross was 195,445, which is a decrease of 5,258 from 1 December 2010. 18,386 electors (9.4%) exercised their right not to have their names included in the edited version of the register, resulting in an Edited Register total of 177,059.

The number of European Union citizens enrolled as Local Government electors now stands at 3,241 (864 in Angus and 2,377 in Perth & Kinross). This total has increased by 88 from the previous year.

## General

The past year has seen a restructuring of the Assessor's management team, information technology section and administration staff. This has necessitated a substantial review of procedures, responsibilities and documentation. The management and organisation of the department 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 have also been reviewed as a consequence of the management restructure.

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. Matters considered during the year included co-ordination of the treatment of a large number of valuation appeals submitted in respect of properties throughout Scotland as a result of economic recession. These have raised issues in relation to the interpretation of legislation and have resulted in appeal cases proceeding to Valuation Appeal Committees and the Lands Valuation Appeal Court in order to seek clarification of the law. An appeal case relating to shops in Dundee has proceeded on that basis.

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 Board in August. Generally, the results indicate a high degree of satisfaction amongst customers.

## ACKNOWLEDGEMENTS

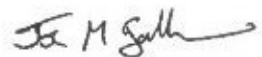
At the end of this last financial year before the local government elections in May 2012, I would take the opportunity to thank the Convener and the members of Tayside Valuation Joint Board for their support, assistance and co-operation during the period they have served on the Board, and in particular during my first year as Assessor for Tayside. I wish all members well in their future endeavours.

I would wish to express my appreciation to Patricia McIlquham for her help and support during the year. I would also take this opportunity to pass on my best wishes to Patricia on her retirement, and to thank her for her excellent service to the Board since its inception.

I would also wish to record my appreciation of the help, advice and support provided by Marjory Stewart, Treasurer, and my thanks are extended to all members of their respective staffs who have provided assistance and guidance to me and my staff.

I must also record my thanks and appreciation for the leadership and advice of my predecessor, Clark Low, who remained Assessor during the first quarter of the financial year. I wish him well in his retirement.

Finally, I would conclude this report by thanking my own Management Team and all staff for their support and assistance throughout the year and particularly for their cooperation in implementing the changes to the staff structure and working procedures.



**John M Galbraith FRICS**  
Assessor  
Tayside Valuation Joint Board  
28 September 2012

## TAYSIDE VALUATION JOINT BOARD

### TREASURER'S REPORT

#### **Introduction**

This report is intended as a commentary on the Valuation Joint Board's financial position, as presented within the Statement of Accounts for the financial year 2011/2012.

#### **Annual Governance Statement (see page 12)**

This statement sets out the framework within which financial control is managed and reviewed. The main components of the system are listed, together with any significant weaknesses that have been identified and the remedial action taken.

#### **Remuneration Report (see page 14)**

This report sets out the remuneration and accrued pension benefits of the senior employees of the Board and the remuneration of the Convener of the Board. Policy and contextual information relating to these areas is also provided.

#### **Statement of Responsibilities for the Statement of Accounts (see page 19)**

This statement sets out the main financial responsibilities of the Board and the Treasurer.

#### **The Accounting Statements (see pages 20 to 45)**

##### *Movement in Reserves Statement:*

this statement shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves' (ie those that can be applied to fund expenditure) and unusable reserves.

##### *Comprehensive Income and Expenditure Statement:*

this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

##### *Balance Sheet:*

shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Board.

##### *Cash Flow Statement:*

shows the changes in cash and cash equivalents of the Board during the reporting period.

##### *Notes to the Financial Statements:*

are intended to give the reader further information which is not separately detailed in the financial statements.

#### **Revenue Expenditure**

The Tayside Valuation Joint Board, at its meeting on 31 January 2011, approved the final 2011/2012 Revenue Budget of £2,967,703 which was then requisitioned from the three Constituent Councils, in line with the following apportionment (based on Councils' 2011/12 GAE figures for Lands Valuation and Council Tax Valuation):

Angus Council	26.46%	£785,254
Dundee City Council	33.39%	£990,916
Perth & Kinross Council	40.15%	<u>£1,191,533</u>
		<u>£2,967,703</u>

The 2011/2012 Revenue Budget of £2,967,703 was set at a level 4.71% lower than the approved 2010/2011 Revenue Budget, being an decrease of £146,745. The decrease in budget was due mainly to an reduction in staff costs resulting from a management restructure.

The Board received quarterly Revenue Monitoring reports during 2011/2012 in order to keep the members fully appraised as to the projected revenue outturn position. At its meeting on 23 August 2004, the Board agreed that the final underspend in any financial year should be returned to the Constituent Councils.

The following table reconciles the Revenue Budget approved by the Board on 31st January 2011 to the revised budget figures that are included in the Comprehensive Income and Expenditure Statement shown on page 14. Actual outturn figures and under/overspends are also shown and are explained in the detailed variance analysis below.



	Approved Budget £000	Corp & Democratic Core Re-allocation £000	Depreciation £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	2,670	-	-	-	(3)	(30)	2,637	2,451	(186)
Property Costs	329	-	-	-	-	-	329	319	(10)
Supplies and Services	299	(15)	-	-	-	-	284	268	(16)
Transport Costs	85	-	-	-	-	-	65	55	(10)
Third Party Payments	25	-	-	-	-	-	25	44	19
Depreciation	-	-	27	-	-	-	27	27	-
Corporate and Democratic Core	-	15	-	-	-	-	15	15	-
Non Distributed Costs	-	-	-	-	-	86	86	86	-
<b>Cost Of Services</b>	<b>3,388</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>(3)</b>	<b>66</b>	<b>3,468</b>	<b>3,265</b>	<b>(203)</b>
<b>Other Operating Income &amp; Expenditure</b>	<b>(419)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(419)</b>	<b>(430)</b>	<b>(11)</b>
<b>Financing &amp; Investment Income &amp; Expenditure</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(110)</b>	<b>(111)</b>	<b>(111)</b>	<b>-</b>
<b>(Surplus)/Deficit on Provision of Services before Requisition</b>	<b>2,968</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>(3)</b>	<b>(54)</b>	<b>2,938</b>	<b>2,724</b>	<b>(214)</b>
Recognised Capital Income	-	-	-	(35)	-	-	(35)	(35)	-
Requisition Income	(2,968)	-	-	-	-	-	(2,968)	(2,754)	214
<b>Total (Surplus) / Deficit</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>(35)</b>	<b>(3)</b>	<b>(54)</b>	<b>(65)</b>	<b>(65)</b>	<b>-</b>
IAS 19 Adjustments	-	-	-	-	-	54	54	54	-
Other IFRS Code Accounting Adjustments	-	-	(27)	35	3	-	11	11	-
<b>Total (Surplus)/Deficit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

During 2011/2012 a net underspend of £214,000 was achieved in relation to Valuation Services. The underspend is reflected above in the requisitions variance. An overspend of £7,000 in relation to Additional Electoral Registration duties has been netted off against this, and the remaining £207,000 will be returned to the Constituent Councils in line with the decision made by the Board on 23 August 2004. The main budget variances are summarised below:

**Staff Costs (Underspend £186,000):**

Due to retirements and a restructure during the year, as well as delays in filling vacant posts.

**Property Costs (Underspend £10,000)**

Due to lower than budgeted expenditure on fixture and fittings, cleaning and energy.

**Supplies & Services (Underspend £16,000)**

Due to underspends across a number of budget heads including printing, legal fees, postages and risk managements premiums.

**Transport Costs (Underspend £10,000)**

Due to lower than anticipated numbers participating in the Contract Car Hire scheme.

**Third Party Payments (Overspend £19,000)**

Due to an increase in the number of Valuation Appeals Committees.

**Other Operating Income & Expenditure (Increased Income £11,000)**

This variance relates to additional income to cover an overspend of £7,000 in relation to Additional ER duties and miscellaneous income being £4,000 more than anticipated.

**Requisitions Income (Reduced Income £214,000)**

Within this variance, £207,000 relates to an underspend which will be returned to the Constituent Councils. The remaining £7,000 has been reserved to cover an overspend in additional Electoral Registration duties.

### **General Reserve**

The General Reserve balance of £102,974 is unchanged in 2011/2012. In line with the Board's approved policy it is the opinion of the Treasurer that the minimum level of uncommitted balances that the Board should operate with is £100,000. Accordingly, no amounts were taken from the General Reserve in the setting of the Board's 2011/2012 or 2012/2013 Revenue Budgets.

### **Capital Expenditure**

During 2011/2012 the Board incurred £34,600 of capital expenditure on computer equipment and associated communications networking. This expenditure was funded by the three Constituent Councils.

### **Borrowing Facilities**

The Board does not have the powers to incur any new capital debt directly through borrowing. Accordingly, the Board's capital expenditure requirements are funded either by a contribution from the three Constituent Councils or directly from the Board's revenue resources (CFCR).

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

The control of both the revenue and capital expenditure of the Board is an ongoing and substantial exercise which requires a positive contribution from staff and elected members to ensure that the Board's financial objectives are achieved and that financial resources are fully utilised. The following Statement of 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 Board is required to include figures in the Statement of Accounts relating to the assets, liabilities, income and expenditure related to the pension scheme for its employees. It has been estimated that the Board had a net pension liability of £6,835,000 as at 31 March 2012. The estimated net Pension Liability at 31 March 2011 was £4,041,000. A decrease in the real discount rate used to calculate scheme liabilities has caused an increase in liabilities. The value of the scheme assets decreased therefore the overall net liability increased by £2,794,000.

### **Balance Sheet Net Liabilities**

The Board's Balance Sheet as at 31 March 2012 shows Net Liabilities of £6,759,000. The significant factor in the Net Liabilities position is the IAS 19 Pension Liability of £6,835,000. The IAS 19 Pension Liability figure is based on a "snap shot" at 31 March 2012 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. Throughout the normal course of events, any projected net liability on the Tayside Superannuation Fund is recouped by increased employer's contributions. The IAS 19 Pension Liability does not impact on the Board's General Reserve or budgetary requirements and the Net Liabilities position shown in the Balance Sheet does not therefore affect the Board's ability to continue as a going concern for the foreseeable future.

### **Acknowledgements**

During the 2011/2012 financial year, the Board's financial position has required continuous scrutiny and strict budgetary control. I would wish to place on record my appreciation of the excellent work carried out by John Galbraith, Assessor, and his staff in controlling the Board's expenditure and income.

I would also wish to record my appreciation of the help and co-operation provided during the financial year by the elected members and by Patricia McIlquham, Clerk to the Board. I would take this opportunity to pass on my best wishes to Patricia on her retirement, and thank her sincerely for her excellent service during her years as Clerk to the Board.

Finally, I would conclude the report by thanking all staff who have contributed to the preparation of the Board's 2011/2012 Statement of Accounts.

*M M Stewart*

**Marjory Stewart FCCA, CPFA**  
Treasurer  
Tayside Valuation Joint Board  
28 September 2012

## 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 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 Board's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end the Board has 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*. This statement explains how Tayside Valuation Joint Board delivers good governance and reviews the effectiveness of these arrangements.

#### The Board's Governance Framework

The governance framework comprises the systems, processes, cultures and values by which the Board is directed and controlled. It also describes the way it engages with, accounts to its stakeholders. It enables the 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 overall control arrangements include:

- identifying the Board's objectives in the Service Plan.
- monitoring of objectives by the Board and senior officers.
- reporting performance regularly to 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.

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 Statement of Accounts*.

#### Review of Effectiveness

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

In addition the Board have made a self-assessment of their own arrangements. This involved the completion of a 31-point checklist by the Assessor, covering four key governance areas of Service Planning and Performance Review, Internal Control Environment, Budgeting, Accounting and Financial Control and Risk Management and Business Continuity. This indicated a high level of compliance.

The Board's Internal Audit Service provider operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom, and reports to the Board. Internal Audit undertakes an annual programme of work, which is reported to the Board. The Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control.

The Treasurer complies with the principles set out in CIPFA's *Role of the Chief Financial Officer*.

#### **Continuous Improvement Agenda**

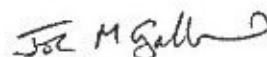
The following areas were identified by the Assessor in the self-assessment checklists completed as part of the Board's assurance gathering process where further improvement could be made:

- review and updating of the Service Plan is required on an annual basis.
- budget monitoring to be added as a specific standing item on the agenda of the Assessor's Management Team meetings.

The annual review demonstrates sufficient evidence that the code's principles of delivering good governance in local government operated effectively and the Board complies with the Local Code of Corporate Governance in all significant respects. It is proposed over 2012/13 steps are taken to address the items identified in the Continuous Improvement Agenda to further enhance the Board's governance arrangements.



**Marjory Stewart FCCA, CPFA  
Treasurer  
Tayside Valuation Joint Board  
28 September 2012**



**John M Galbraith FRICS  
Assessor  
Tayside Valuation Joint Board  
28 September 2012**

## TAYSIDE VALUATION JOINT BOARD

### REMUNERATION REPORT

#### INTRODUCTION

The Board is required to prepare and publish within its Statement of Accounts an annual Remuneration Report under the Local Authority Accounts (Scotland) Amendment Regulations 2011 (Scottish Statutory Instrument No. 2011/64), which came into force on 31 March 2011. The report sets out the remuneration of the Convener and Senior Employees of the Board and accrued pension benefits of the Senior Employees. The report also provides information on the number of 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 Board's External Auditor is required to audit certain parts of the Remuneration Report and give a separate opinion in his report on the Statement of Accounts as to whether the Remuneration Report has been properly prepared in accordance with the Regulations.

#### REMUNERATION ARRANGEMENTS

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

##### 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 Board:

- (i) has responsibility for management of the 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 Board has determined that six employees meet the criteria for designation as a Senior Employee in 2011/2012, with all six employees falling into category (i) above. The remuneration details for the Senior Employees of the Board are set out in Table 2.

The Regulations also require information to be published on the total number of 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:



Remuneration Bands	No of	No of
	Employees	Employees
	2010/2011	2011/2012
£50,000 - £54,999	4	2
£55,000 - £59,999	-	1
£60,000 - £64,999	-	-
£65,000 - £69,999	-	-
£70,000 - £74,999	3	-
£75,000 - £79,999	-	1
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	1
£95,000 - £99,999	1	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	-
<b>Total</b>	<b>8</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 final salary pension scheme. This means that pension benefits are based on the final year's pay and the number years that the person has been a member of the scheme.

The scheme's normal retirement age for 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 tiers and members contribution rates for 2011/2012 remain at the 2009/2010 rates and are as follows:

Whole Time Pay	Contribution Rate 2010/2011	Contribution Rate 2011/2012
On earnings up to and including £18,000	5.5%	5.5%
On earnings above £18,000 and up to £22,000	7.25%	7.25%
On earnings above £22,000 and up to £30,000	8.5%	8.5%
On earnings above £30,000 and up to £40,000	9.5%	9.5%
On earnings above £40,000	12%	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

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

#### Senior Employees

The accrued pension benefits for Senior Employees are set out in Table 3, together with the pension contributions made by the Board.

### **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 2011/2012, the scheme member contribution rate for Senior Employees was in the range of 9.4% to 10.0% of pensionable pay. In 2011/2012, the employer contribution rate was 18.5% of pensionable pay for Senior Employees.

*mm Stewart*

**Marjory Stewart FCCA, CPFA  
Treasurer  
Tayside Valuation Joint Board  
28 September 2012**

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

Councillor Name	Responsibility	Salary, Fees & Allowances	Taxable Expenses	Non-cash Expenses & Benefits-in-Kind	Total Remuneration 2011/2012	Total Remuneration 2010/2011
Tom Ferguson	Convener, Tayside Valuation Joint Board	£ 4,060	£ -	£ -	£ 4,060	£ 4,060

**Note**

The above amounts were recharged to the Board by Dundee City Council. The Vice-Convener does not receive a remuneration.

**TABLE 2 – REMUNERATION OF SENIOR EMPLOYEES**

Employee Name	Post Title	Salary, Fees & Allowances	Bonuses	Taxable Expenses	Compensation for Loss of Employment	Benefits Other Than in Cash *	Total Remuneration 2011/2012	Total Remuneration 2010/2011
N Clark Low (retired 30/6/11)	Assessor (until 30 June 2011) (full year equivalent - £97,782)	£ 24,445	-	-	-	-	£ 24,445	£ 97,780
John Galbraith	Depute Assessor until 30 June 2011 (full year equivalent - £73,731) Assessor from 1 July 2011 (full year equivalent - £97,782)	£ 91,767	-	-	-	-	£ 91,767	£ 73,729
Henry Gray	Depute Assessor	£ 75,030	-	-	-	£ 1,691	£ 76,721	£ 75,420
Donald Allan #	Assistant Assessor (from 1/7/11) (full year equivalent - £51,168)	£ 38,375	-	-	-	-	£ 38,375	n/a
Roy Christie #	Assistant Assessor (from 1/7/11) (full year equivalent - £51,168)	£ 38,375	-	-	-	-	£ 38,375	n/a
Richard Michalski #	Assistant Assessor (from 1/7/11) (full year equivalent - £51,168)	£ 38,375	-	-	-	-	£ 38,375	n/a
<b>Total</b>		<b>£ 306,367</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ 1,691</b>	<b>£ 308,058</b>	<b>£ 246,929</b>

\* Lease Car benefit value

# These employees did not meet the definition of 'Senior Employees' in 2010/11



**TABLE 3 – SENIOR EMPLOYEES ACCRUED PENSION BENEFITS**

Employee Name	Post Title	Pension as at 31 March 2012	Pension Difference from 31 March 2012	Lump Sum as at 31 March 2012	Lump Sum Difference from 31 March 2012	Pension Contribution 2011/2012	Pension Contribution 2010/2011
		£000	£000	£000	£000	£	£
N Clark Low	Assessor	41	(9)	253	113	58,281	18,089
John Galbraith	Assessor (from 1/7/11)	48	11	131	26	16,977	13,640
Henry Gray	Depute Assessor	31	2	82	2	13,880	13,640
Donald Allan	Assistant Assessor (from 1/7/11)	17	1	44	1	7,099	n/a
Roy Christie	Assistant Assessor (from 1/7/11)	19	1	48	1	7,099	n/a
Richard Michaliski	Assistant Assessor (from 1/7/11)	13	1	32	1	7,099	n/a
<b>Total</b>		<b>169</b>	<b>7</b>	<b>590</b>	<b>144</b>	<b>110,435</b>	<b>45,369</b>

**TABLE 4 - EXIT PACKAGES**

Exit Package cost band	Number of Compulsory Redundancies		Number of other departures agreed		Total number of exit packages by cost & band		Total cost of exit packages in each band	
	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012
£0-£20,000	-	-	-	-	-	-	-	-
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	1	-	1	-	54
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £120,000	-	-	1	-	1	-	115	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>115</b>	<b>54</b>

The cost of these exit packages includes the Strain on Fund payable to the Local Government Pension Scheme plus an estimate of the capitalised value of any pensions element relating to awarded added years.

## TAYSIDE VALUATION JOINT BOARD

### STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF 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.
- approve the audited Statement of Accounts

#### The Treasurer's responsibilities

The Treasurer is responsible for the preparation of the Joint Board's statement of accounts in accordance with proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).


In preparing this statement of accounts, the Treasurer has:

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

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.

The Statement of Accounts presents 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 2012.



**Marjory Stewart FCCA, CPFA**  
Treasurer  
Tayside Valuation Joint Board  
28 September 2012

**TAYSIDE VALUATION JOINT BOARD**

**MOVEMENT IN RESERVES STATEMENT**

This statement shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves'. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Board's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Reserve Balance. 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 Board.

	General Reserve Balance £000	Total Usable Reserves £000	Unusable Reserves £000	Total Board Reserves £000
<b>Balance at 31 March 2010</b>	<b>103</b>	<b>103</b>	<b>(7,969)</b>	<b>(7,866)</b>
<b><u>Movement in Reserves during 2010/11</u></b>				
Surplus or (deficit) on provision of services	1,537	1,537	-	1,537
Other Comprehensive Expenditure and Income	-	-	2,353	2,353
<b>Total Comprehensive Expenditure and Income</b>	<b>1,537</b>	<b>1,537</b>	<b>2,353</b>	<b>3,890</b>
Adjustments between accounting basis & funding basis under regulations (note 4)	(1,537)	(1,537)	1,537	-
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>-</b>	<b>-</b>	<b>3,890</b>	<b>3,890</b>
Transfers (to)/from Earmarked Reserves	-	-	-	-
<b>Increase/(Decrease) in 2010/11</b>	<b>-</b>	<b>-</b>	<b>3,890</b>	<b>3,890</b>
<b>Balance at 31 March 2011 carried forward</b>	<b>103</b>	<b>103</b>	<b>(4,079)</b>	<b>(3,976)</b>
<b><u>Movement in Reserves during 2011/12</u></b>				
Surplus or (deficit) on provision of services	65	65	-	65
Other Comprehensive Expenditure and Income	-	-	(2,848)	(2,848)
<b>Total Comprehensive Expenditure and Income</b>	<b>65</b>	<b>65</b>	<b>(2,848)</b>	<b>(2,783)</b>
Adjustments between accounting basis & funding basis under regulations (note 4)	(65)	(65)	65	-
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>-</b>	<b>-</b>	<b>(2,783)</b>	<b>(2,783)</b>
Transfers (to)/from Earmarked Reserves	-	-	-	-
<b>Increase/(Decrease) in 2011/12</b>	<b>-</b>	<b>-</b>	<b>(2,783)</b>	<b>(2,783)</b>
<b>Balance at 31 March 2012 carried forward</b>	<b>103</b>	<b>103</b>	<b>(6,862)</b>	<b>(6,862)</b>

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.

2010/11				2011/12			
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>				
2,900	-	2,900	Staff Costs	2,637	2,451	-	2,451
314	-	314	Property Costs	329	319	-	319
287	-	287	Supplies and Services	284	268	-	268
54	-	54	Transport Costs	65	55	-	55
29	-	29	Third Party Payments	25	44	-	44
22	-	22	Depreciation	27	27	-	27
15	-	15	Corporate and Democratic Core	15	15	-	15
-	(1,806)	(1,806)	Non Distributed Costs	86	86	-	86
<b>3,621</b>	<b>(1,806)</b>	<b>1,815</b>	<b>Cost Of Services</b>	<b>3,468</b>	<b>3,265</b>		<b>3,265</b>
			<b>Other Operating Income &amp; Expenditure (note 5)</b>				
-	(467)	(467)		(419)	-	(430)	(430)
			<b>Financing and Investment Income and Expenditure (note 6)</b>				
182	(2)	180		(111)	-	(111)	(111)
<b>3,803</b>	<b>(2,275)</b>	<b>1,528</b>	<b>(Surplus)/Deficit on Provision of Services before Requisitions</b>	<b>2,938</b>	<b>3,265</b>	<b>(541)</b>	<b>2,724</b>
			<b>Recognised Capital Income (note 7)</b>				
-	(38)	(38)		(35)	-	(35)	(35)
			<b>Requisition Income</b>				
-	(3,027)	(3,027)		(2,968)	-	(2,754)	(2,754)
<b>3,803</b>	<b>(5,340)</b>	<b>(1,537)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(65)</b>	<b>3,265</b>	<b>(3,330)</b>	<b>(65)</b>
			<b>Actuarial (Gains)/Losses on Pension Assets/Liabilities</b>				
-	(2,353)	(2,353)		2,848	2,848	-	2,848
<b>3,803</b>	<b>(7,693)</b>	<b>(3,890)</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>2,783</b>	<b>6,113</b>	<b>(3,330)</b>	<b>2,783</b>

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

31 March 2011 £000		Note	31 March 2012 £000
89	Property, Plant & Equipment	21	97
<b>89</b>	<b>Long Term Assets</b>		<b>97</b>
52	Short Term Debtors	23	40
437	Cash and Cash Equivalents	12	433
<b>489</b>	<b>Current Assets</b>		<b>473</b>
(436)	Short Term Creditors	24	(440)
(77)	Capital Contributions Receipts in Advance	27	(54)
<b>(513)</b>	<b>Current Liabilities</b>		<b>(494)</b>
(4,041)	Net Pension Liabilities	17	(6,835)
<b>(4,041)</b>	<b>Long Term Liabilities</b>		<b>(6,835)</b>
<b>(3,976)</b>	<b>Net Liabilities</b>		<b>(6,759)</b>
103	Usable reserves	8	103
(4,079)	Unusable Reserves	9	(6,862)
<b>(3,976)</b>	<b>Total Reserves</b>		<b>(6,759)</b>

*Marjory Stewart*

**Marjory Stewart FCCA, CPFA  
Treasurer  
Tayside Valuation Joint Board**

The unaudited accounts were issued on 12 June 2012 and the audited accounts were authorised for issue on 28 September 2012.

## TAYSIDE VALUATION JOINT BOARD

### CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Board during the reporting period. The statement shows how the Board generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Board are funded by way of 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 Board's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Board.

2010/11 £000		2011/12 £000
(1,537)	Net (surplus) or deficit on the provision of services	(65)
<u>1,405</u>	Adjust net surplus or deficit on the provision of services for non cash movements	<u>34</u>
<b>(132)</b>	<b>Net cash flows from Operating Activities (note 10)</b>	<b>(31)</b>
<u>38</u>	Investing Activities (note 11)	<u>35</u>
<b>(94)</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>4</b>
<u>343</u>	Cash and cash equivalents at the beginning of the reporting period	<u>437</u>
<u>437</u>	<b>Cash and cash equivalents at the end of the reporting period (note 12)</b>	<u>433</u>

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

**1 ACCOUNTING POLICIES**

**A General Principles**

The Statement of Accounts summarises the Board's transactions for the 2011/2012 financial year and its position at the year-end of 31 March 2012. The Board is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985. 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 2011/12 and the Service Reporting Code of Practice 2011/12, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of 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 the sale of goods is recognised when the Board transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Board.
- Revenue from the provision of services is recognised when the 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 Board.
- Expenses in relation to services received (including those rendered by the 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 there is evidence that debts are unlikely to 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 16), cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the 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 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 fixed assets during the year:

- depreciation attributable to the assets used by the Board

The 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 Board. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Reserve Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Board to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Account when the Board is demonstrably committed to either terminating the employment of an employee or group of employees or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Reserve balance to be charged with the amount payable by the Board to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements 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 Board are members of the Local Government Superannuation Scheme (Tayside Superannuation 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 Board.

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

- The liabilities of the Tayside Superannuation Fund attributable to the Board are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.6% (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 Superannuation Fund attributable to the 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 seven components:
    - current service cost – the increase in liabilities as 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 arising from current year decisions 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
    - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
    - expected return on assets – the annual investment return on the fund assets attributable to the Board, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
    - gains/losses on settlements and curtailments – the result of actions to relieve the Board of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
    - actuarial gains and losses – changes in the net pensions liability that arise because events have not co-incided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
    - contributions paid to the Tayside Superannuation 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 Board to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and 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 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 reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is 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 Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is 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 Statement of Accounts.

## **H Capital Contributions**

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

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

Amounts recognised as due to the Board are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the 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 contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the contribution is credited to the relevant line (Recognised Capital Income) 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 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 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 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 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 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 fixed 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 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 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 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 Board if it is virtually certain that reimbursement will be received if the Board settles the obligation.

#### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the 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 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 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 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 appropriating amounts out of the General Reserve Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated 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 Board. Further information on the Board's reserves is contained in notes 8 and 9.

## 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 Board has had to make certain judgements about future events. The key judgement made in the Statement of Accounts relates to the high degree of uncertainty about future levels of funding for public bodies. The Board has determined that this uncertainty is not sufficient to provide an indication that the assets of the Board might be impaired as a result of a need to reduce levels of service provision.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Board about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The key item in the Board's Balance Sheet at 31 March 2012 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 consulting actuaries is engaged to provide the Board with expert advice about the assumptions to be applied.	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £528,000.</p> <p>However, the assumptions interact in complex ways. During 2011/12, the Fund's actuaries advised that the net pensions liability had decreased by £922,000 as a result of estimates being corrected as a result of experience and increased by £3,781,000 attributable to updating of the assumptions.</p>

#### 4 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 Board in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Board to meet future capital and revenue expenditure.

2011/2012	General Reserve Balance £000	Movement in Unusable Reserves £000	Total 2011/12 £000
<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	(27)	27	-
Capital contributions that have been applied to capital financing	35	(35)	-
<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 17)	(360)	360	-
Employer's pensions contributions and direct payments to pensioners payable in the year	414	(414)	-
<b>Adjustment involving the Accumulating Compensated Absences 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 requirements	3	(3)	-
<b>Total Adjustments</b>	<b>65</b>	<b>(65)</b>	<b>-</b>
2010/2011	General Reserve Balance £000	Movement in Unusable Reserves £000	Total 2010/11 £000
<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	(22)	22	-
Capital contributions that have been applied to capital financing	38	(38)	-
<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 17)	1,022	(1,022)	-
Employer's pensions contributions and direct payments to pensioners payable in the year	479	(479)	-
<b>Adjustment involving the Accumulating Compensated Absences 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 requirements	20	(20)	-
<b>Total Adjustments</b>	<b>1,537</b>	<b>(1,537)</b>	<b>-</b>

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

2010/11 £000		2011/12 £000
(449)	Recharge for Electoral Registration (note 14)	(423)
(18)	Other Income	(7)
<b>(467)</b>	<b>Total</b>	<b>(430)</b>

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

2010/11 £000		2011/12 £000
182	Pensions interest cost and expected return on pensions assets	(110)
(2)	Interest receivable and similar income	(1)
<b>180</b>	<b>Total</b>	<b>(111)</b>

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

2010/11 £000		2011/12 £000
(20)	Capital Contributions from Constituent Authorities in year	(13)
(18)	Capital Contributions brought forward applied in year	(22)
<b>(38)</b>	<b>Total</b>	<b>(35)</b>

8 **BALANCE SHEET - USABLE RESERVES**

Movements in the Board's usable reserves are detailed in the Movement in Reserves Statement on page 13.

9 **BALANCE SHEET - UNUSABLE RESERVES**

2010/11 £000		2011/12 £000
46	Capital Adjustment Account	54
(4,041)	Pensions Reserve	(6,835)
(84)	Accumulating Compensated Absences Adjustment Account	(81)
<b>(4,079)</b>	<b>Total Unusable Reserves</b>	<b>(6,862)</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 Board as finance for the costs of acquisition, construction and enhancement.

Note 4 provides details of the source of all the transactions posted to the Account.

2010/11		2011/12
£000		£000
30	<b>Balance at 1 April</b>	46
16	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	8
<b>46</b>	<b>Balance at 31 March</b>	<b>54</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 Board accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Board makes employer's contributions to 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 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.

2010/11		2011/12
£000		£000
(7,895)	<b>Balance at 1 April</b>	(4,041)
2,353	Actuarial gains or (losses) on pensions assets and liabilities	(2,848)
1,022	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	(360)
479	Employer's pensions contributions and direct payments to pensioners payable in the year	414
<b>(4,041)</b>	<b>Balance at 31 March</b>	<b>(6,835)</b>



### Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Reserve Balance from accruing for compensated absences 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.

2010/11		2011/12	
£000		£000	
(104)	Balance at 1 April		(84)
104	Settlement or cancellation of accrual made at the end of the preceding year	84	
(84)	Amounts accrued at the end of the current year	(81)	
20	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		3
(84)	Balance at 31 March		(81)

### 10 CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2010/11		2011/12	
£000		£000	
(2)	Interest received		(2)
(2)	Total Operating Activities		(2)

### 11 CASH FLOW STATEMENT - INVESTING ACTIVITIES

2010/11		2011/12	
£000		£000	
38	Purchase of property, plant and equipment, investment property and intangible assets		35
38	Total Investing Activities		35

### 12 CASH FLOW STATEMENT - CASH AND CASH EQUIVALENTS

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

31 March 2011		31 March 2012	
£000		£000	
437	Bank current account		433
437	Total cash and cash equivalents		433

13 **AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS**

The expenditure of the Board is matched to requisition income from the Constituent Councils resulting in a break-even position at the end of the year, and therefore no change in the General Reserve balance. The level of detail provided in the quarterly Revenue Monitoring reports presented to the Board is in line with the detail given in the Comprehensive Income and Expenditure Statement. However, this information is prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Account)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

The summary of the Board's income and expenditure in line with the Revenue Monitoring reports format for the year is as follows:

<b>Divisional Income and Expenditure</b>	<b>Total</b>
<b>2010/11</b>	<b>£000</b>
Requisition and other income	(3,459)
Capital Contributions	(38)
<b>Total Income</b>	<b>(3,497)</b>
Employee expenses	2,798
Other service expenses	699
<b>Total Expenditure</b>	<b>3,497</b>
<b>Net Expenditure</b>	<b>-</b>

<b>Divisional Income and Expenditure</b>	<b>Total</b>
<b>2011/12</b>	<b>£000</b>
Requisition & other income	(3,151)
Capital Contributions	(35)
<b>Total Income</b>	<b>(3,186)</b>
Employee expenses	2,484
Other service expenses	702
<b>Total Expenditure</b>	<b>3,186</b>
<b>Net Expenditure</b>	<b>-</b>

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

This reconciliation shows how the Total Expenditure in the year is adjusted to determine the (Surplus)/Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement.

	2010/11	2011/12
	£000	£000
Total (Surplus) or Deficit for the year	-	-
Amounts in the Comprehensive Income and Expenditure Statement not reported to the Board in the Revenue Monitoring reports (Note 4)	(1,537)	(65)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>(1,537)</b>	<b>(65)</b>

14 **AGENCY SERVICES**

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

	2010/11 £000	2011/12 £000
Expenditure incurred in providing electoral registration services to Angus Council	183	168
Fee payable by Angus Council	183	168
Net surplus arising on the agency arrangement	<u>-</u>	<u>-</u>
Expenditure incurred in providing electoral registration services to Perth & Kinross Council	266	255
Fee payable by the Perth & Kinross Council	266	255
Net surplus arising on the agency arrangement	<u>-</u>	<u>-</u>

15 **MEMBERS ALLOWANCES**

The Valuation Joint Board were recharged by Dundee City Council for the following allowance paid to the Convener:

	2010/11 £000	2011/12 £000
Convener's Allowance	4	4
Total Convener's Allowance	<u>4</u>	<u>4</u>

16 **EXTERNAL AUDIT COSTS**

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

	2010/11 £000	2011/12 £000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	8	7
<b>Total</b>	<u>8</u>	<u>7</u>

17 **DEFINED BENEFIT PENSION SCHEMES**

**Participation in pension schemes**

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 Board has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Board participates in the Local Government Superannuation Scheme (Tayside Superannuation Fund), which is administered by Dundee City Council and is a Defined Benefits Scheme. In addition the Board has liabilities for discretionary pension payments outside the main scheme. IAS 19 information is provided by Barnett Waddingham LLP, the independent actuaries to the Fund.

**Transactions relating to post employment benefits**

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions, however, the real cost of retirement benefits is reversed out of the General Reserve via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Reserve Balance via the Movement in Reserves Statement during the year:

	<b>Local Government Superannuation Scheme</b>	
	<b>2010/11</b>	<b>2011/12</b>
	<b>£000</b>	<b>£000</b>
<b>Comprehensive Income and Expenditure Statement</b>		
<i>Cost of Services:</i>		
• current service cost	602	384
• past service costs	(1,806)	7
• loss on curtailment	-	79
<i>Financing and Investment Income and Expenditure</i>		
• interest cost	1,197	974
• expected return on scheme assets	(1,015)	(1,084)
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	(1,022)	360
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
• difference between actuarial pensions contribution figure and actual pensions contribution figure	72	(11)
• actuarial (gains) and losses	(2,425)	2,859
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	(3,375)	3,208
<i>Movement in Reserves Statement</i>		
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	1,022	(360)
<i>Actual amount charged against the General Reserve Balance for pensions in the year:</i>		
• employers' contributions payable to scheme	479	414

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2012 is a loss of £5,064,000.

**Assets and liabilities in relation to post employment benefits**

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

	<b>Funded liabilities: Local Government Superannuation Scheme £000</b>	
	<b>2010/11</b>	<b>2011/12</b>
Opening balance at 1 April	21,583	19,004
Current service cost	602	384
Interest cost	1,197	974
Contributions by scheme participants	150	129
Actuarial (gains) and losses	(2,341)	2,017
Losses on curtailments	-	79
Benefits paid	(368)	(1,174)
Past service costs	(1,806)	7
Unfunded pension payments	(13)	(23)
Closing balance at 31 March	19,004	21,397

Reconciliation of fair value of the scheme (plan) assets:

	<b>Local Government Pension Scheme £000</b>	
	<b>2010/11</b>	<b>2011/12</b>
Opening balance at 1 April	13,688	14,963
Expected rate of return	1,015	1,084
Actuarial gains and (losses)	84	(842)
Employer contributions	407	425
Contributions by scheme participants	150	129
Benefits paid	(381)	(1,197)
Closing balance at 31 March	14,963	14,562

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £60,000 (2010/2011 £1,099,000).



## Scheme History

	2007/08	2008/09	2009/10	2010/11	2011/12
	£000	£000	£000	£000	£000
<b>Present value of liabilities:</b>	(13,748)	(12,864)	(21,583)	(19,004)	(21,397)
Fair value of scheme assets	11,976	9,765	13,688	14,963	14,562
Surplus/(deficit) of the scheme	(1,772)	(3,099)	(7,895)	(4,041)	(6,835)

The liabilities show the underlying commitments that the Board has in the long run to pay post employment (retirement) benefits. The total liability of £6.835m has a substantial impact on the net worth of Tayside Valuation Joint Board as recorded in the Balance Sheet, resulting in a negative overall balance of £6.759m. However, statutory arrangements for funding the deficit mean that the financial position of the Board remains healthy. The projected net liability on the Tayside Superannuation Fund will be recouped as necessary by increased employer's contributions, as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Board in the year to 31 March 2013 is £328,000.

### 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 Superannuation Fund has been assessed by Barnett Waddingham, an independent firm of actuaries, based on the latest triennial actuarial valuation as at 31 March 2011.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2010/11	2011/12
Long-term expected rate of return on assets in the scheme:		
Equities	8.2%	7.1%
Gilts	4.4%	3.3%
Other Bonds	5.5%	4.6%
Property	5.4%	4.3%
Cash	3.0%	3.0%
Mortality assumptions:		
Longevity at 65 for current pensioners (years):		
Men	21.4	20.6
Women	24.4	22.8
Longevity at 65 for future pensioners (years):		
Men	22.3	21.8
Women	25.3	24.4

Rate of inflation	3.5%	3.3%
Rate of increase in salaries	5.0%	4.8%
Rate of increase in pensions	2.7%	2.5%
Rate for discounting scheme liabilities	5.5%	4.6%
Take-up of option to convert annual pension into retirement lump sum	50%	50%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2011	31 March 2012
Equities	72%	68%
Gilts	7%	8%
Other Bonds	10%	11%
Property	9%	11%
Cash	2%	2%
	<u>100%</u>	<u>100%</u>

#### History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2011/12 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2012:

	2007/08	2008/09	2009/10	2010/11	2011/12
	%	%	%	%	%
Differences between the expected and actual return on assets	(11.9)	(34.2)	20.6	0.6	(5.8)
Experience gains and losses on liabilities	-	(1.7)	(0.4)	0.2	4.4

#### 18 EVENTS AFTER THE BALANCE SHEET DATE

There were no events that occurred between 1 April 2012 and 28 September 2012 that would have an impact on the 2011/2012 financial statements. The latter date is the date on which the accounts were authorised for issue by the Treasurer.

#### 19 RELATED PARTIES

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

The three Constituent Councils are considered to be related parties of the Valuation Joint Board and during the 2011/12 financial year, the Board entered into a number of transactions with the Constituent Councils as detailed below:

2010/11			2011/12	
Charges To £000	Charges From £000		Charges To £000	Charges From £000
<b>Angus Council</b>				
(804)	-	Valuation Services Requisition	(729)	-
(183)	-	Electoral Services Recharge	(168)	-
(7)	-	Contribution to Capital Expenditure	(4)	-
(4)	-	Sundry Recoveries and Sales	(3)	-
-	6	Office Cleaning Services	-	5
-	17	Property Rental (Ravenswood)	-	18
<u>(998)</u>	<u>23</u>		<u>(904)</u>	<u>23</u>
<b>Dundee City Council</b>				
(1,018)	-	Valuation Services Requisition	(919)	-
(7)	-	Contribution to Capital Expenditure	(5)	-
(1)	-	Sundry Recoveries and Sales	-	-
(2)	-	Interest Receivable	(1)	-
-	28	Central Support Services	-	28
<u>(1,028)</u>	<u>28</u>		<u>(925)</u>	<u>28</u>
<b>Perth &amp; Kinross Council</b>				
(1,205)	-	Valuation Services Requisition	(1,106)	-
(266)	-	Electoral Services Recharge	(255)	-
(7)	-	Contribution to Capital Expenditure	(4)	-
(2)	-	Sundry Recoveries and Sales	(6)	-
<u>(1,480)</u>	<u>-</u>		<u>(1,371)</u>	<u>-</u>

The undemoted balance existed between the Board and its related parties as at 31 March 2012.

31 March 2011			31 March 2012	
Amounts Due From £000	Amounts Due To £000		Amounts Due From £000	Amounts Due To £000
<b>Angus Council</b>				
-	23	Valuation Services Requisition	-	56
(3)	-	Electoral Services Recharge	(1)	-
<u>(3)</u>	<u>23</u>		<u>(1)</u>	<u>56</u>
<b>Dundee City Council</b>				
-	29	Valuation Services Requisition	-	71
-	9	Central Support Services	-	12
(2)	-	Interest Receivable	(1)	-
<u>(2)</u>	<u>38</u>		<u>(1)</u>	<u>83</u>
<b>Perth &amp; Kinross Council</b>				
-	35	Valuation Services Requisition	-	86
(3)	-	Electoral Services Recharge	(5)	-
<u>(3)</u>	<u>35</u>		<u>(5)</u>	<u>86</u>

20 **LEASES**

Board as Lessee

*Finance Leases*

The Valuation Joint Board held no assets on finance lease during 2011/2012 and accordingly, there were no finance lease rentals paid to lessors during 2011/2012 (2010/2011 None).

*Operating Leases*

The Valuation Joint Board occupied office premises in Dundee, Perth and Forfar on operating leases during 2011/2012. The total operating lease rentals paid to lessors in 2011/2012 were £161,950 (2010/2011 £161,050).

In addition, Dundee City Council administers a Contract Car Hire Scheme on behalf of the employees of the Joint Board. In the financial year 2011/2012, total operating lease rental payments of £60,503 (2010/2011 £59,965) were made by the Board to the lessor, offset by contributions of £35,254 from employees (2010/2011 £35,500).

In respect of operating leases, the Valuation Joint Board is committed to making payments to lessors of £201,203 in 2011/2012 (2010/2011 £238,554). This comprises the following elements:

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

	31 March 2011 £000	31 March 2012 £000
Not later than one year	51	36
Later than one year and not later than five years	26	3
Later than five years	161	162
	238	201

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

	31 March 2011 £000	31 March 2012 £000
Lease payments	221	222
Employee Contributions	(36)	(35)
<b>Net Lease Expenditure</b>	<b>185</b>	<b>187</b>

21 **PROPERTY, PLANT AND EQUIPMENT**

*Movements on Balances*

Movements in 2011/12:

	<b>Total</b>
	<b>£000</b>
<b>Gross Book Value</b>	
At 1 April 2011	147
Additions	35
Disposal of Assets Fully Written Down	(3)
<b>At 31 March 2012</b>	<b>179</b>
<b>Accumulated Depreciation and Impairment</b>	
At 1 April 2011	(58)
Depreciation charge	(27)
Written Back on Disposal of Assets Fully Written Down	3
<b>At 31 March 2012</b>	<b>(82)</b>
<b>Net Book Value</b>	
<b>At 31 March 2012</b>	<b>97</b>
<b>At 31 March 2011</b>	<b>89</b>

Comparative Movements in 2010/11:

	<b>Total</b>
	<b>£000</b>
<b>Valuation</b>	
At 1 April 2010	130
Additions	38
Disposals	(21)
<b>At 31 March 2011</b>	<b>147</b>
<b>Accumulated Depreciation and Impairment</b>	
At 1 April 2010	(57)
Depreciation charge	(22)
Written Back on Disposals	21
<b>At 31 March 2011</b>	<b>(58)</b>

**Depreciation**

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



### Capital Commitments

The Joint Board, at its meeting on 30th January 2012, approved a new 3 year Capital Programme (2012 - 2015) which reflected the latest phasing of existing projects. The new programme for capital expenditure is as follows:

- 2012/2013 - £27,000
- 2013/2014 - £27,000
- 2014/2015 - £27,000

The programme is to be funded by capital contributions from the three Constituent Councils, including those unutilised contributions carried forward from previous years. None of the proposed expenditure in the 2012-2015 programme was legally committed as at 31 March 2012.

## 22 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.

	2010/11 £000	2011/12 £000
<i>Capital investment:</i>		
Property, Plant and Equipment	38	35
<i>Sources of finance:</i>		
Contributions from Constituent Councils in year	(20)	(13)
Capital Contributions brought forward applied in year	(18)	(22)
<i>Closing Capital Financing Requirement</i>	-	-

## 23 SHORT TERM DEBTORS

	31 March 2011 £000	31 March 2012 £000
Central government bodies	10	13
Other local authorities	16	2
Other entities and individuals	26	25
<b>Total</b>	<b>52</b>	<b>40</b>

## 24 SHORT TERM CREDITORS

	31 March 2011 £000	31 March 2012 £000
Central government bodies	2	2
Local authorities	260	300
Other entities and individuals	174	138
<b>Total</b>	<b>436</b>	<b>440</b>

## 25 CONTINGENT LIABILITIES

No contingent liabilities existed at 31 March 2012 (31 March 2011 None).

## 26 CONTINGENT ASSETS

No contingent assets existed at 31 March 2012 (31 March 2011 None).

27 **CAPITAL CONTRIBUTION INCOME**

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

	2010/11 £000	2011/12 £000
Capital Contributions from Constituent Councils	38	35
<b>Total</b>	<b>38</b>	<b>35</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:

	31 March 2011 £000	31 March 2012 £000
<b>Capital Contributions Receipts in Advance:</b>		
At 1 April	108	77
Capital Contributions received in year	20	13
Transfer to Recognised Capital Income	(38)	(35)
Transfer to Other Income	(13)	(1)
<b>At 31 March</b>	<b>77</b>	<b>54</b>

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the Tayside Valuation Joint Board for the year ended 31 March 2012 set out on pages 20 to 45. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2011-12 (the 2011-12 Code).

This report is made solely to the members of the Tayside Valuation Joint Board and the Accounts Commission for Scotland, in accordance with Part VII of the Local Government (Scotland) Act 1973. Our audit work has been undertaken so that we might state to those two parties those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Tayside Valuation Joint Board and the Accounts Commission for Scotland, for this report, or the opinions we have formed.

#### **Respective responsibilities of the Treasurer and auditor**

As explained more fully in the Statement of Responsibilities on page 19, the Treasurer is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the body as at 31 March 2012 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011-12
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government Scotland Act 2003.

#### **Opinion on other matters prescribed by the Local Government (Scotland) Act 1973**

In our opinion:

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

**Independent auditor's report to the members of the Tayside Valuation Joint Board and the Accounts Commission for Scotland (continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Local Government (Scotland) Act 1973 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Annual Governance Statement does not comply with Delivering Good Governance in Local Government; or
- there has been a failure to meet a prescribed financial objective.

*S. Reid*

**S Reid**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

Saltire Court

20 Castle Terrace

Edinburgh

EH1 2EG

28 September 2012

**Trainees**

Delays in filling posts have resulted in a projected underspend of £30k at 31st March 2013 (30)

**OTHER COSTS:****Valuation Appeal Expenses**

An increase in the number of valuation appeals has resulted in a projected overspend of £30k at 31st March 2013 30

**Total Projected Underspend at 31st March 2013 (84)**

**Note**

Figures contained within brackets are underspends or increases in income, figures without brackets indicate overspends or decreases in income.

**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 has been consulted on the content of this report.

**7 BACKGROUND PAPERS**

None

**MARJORY STEWART  
TREASURER  
TAYSIDE VALUATION JOINT BOARD  
07 NOVEMBER 2012**