

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 16 JUNE 2014
REPORT ON: UNAUDITED STATEMENT OF ACCOUNTS FOR THE YEAR ENDED
31 MARCH 2014
REPORT BY: TREASURER
REPORT NO: TVJB 9 -2014

1 PURPOSE OF REPORT

The purpose of this report is to provide some additional commentary on the unaudited Statement of Accounts for the year ended 31 March 2014 which is being submitted to the Board along with this report.

2 RECOMMENDATIONS

The Board is asked to:

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

3 FINANCIAL IMPLICATIONS

Valuation and Electoral Registration (including Additional Electoral Registration) expenditure was on budget and therefore no under/overspend to be accounted for.

The General Reserve balance is unchanged in 2013/2014, being £102,974 as at 31 March 2014.

4 MAIN TEXT

The relevant statutory provisions regarding the preparation of the Board's Accounts are contained in the Local Authority Accounts (Scotland) Regulations 1985, as amended by the Local Authority Accounts (Scotland) Amendment Regulations 1997. Section 4 of these regulations requires that "... all the accounts of the local authority are made up and balanced as soon as practicable after the end of each financial year and that sufficient copies of an abstract of the said accounts for each financial year are prepared ... and submitted to the authority and to the Controller of Audit not later than 30 June in the next financial year....".

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

The Board approved a net Revenue Budget for 2013/2014 of £2,864,701 which was requisitioned from the three Constituent Councils. During the financial year the Board received quarterly revenue monitoring reports to keep members fully apprised as to actual spend-to-date and the projected outturn position.

Details of the areas of under and overspend are highlighted on page 12 of the Statement of Accounts. The main variances include an underspend of £16,000 on staff costs due mainly to a delays in filling a post and employees working reduced hours.

In addition an overspend of £2,000 on property costs was due to office repairs and maintenance being higher than budgeted.

The £40,000 overspend in supplies and services relates to overspends across a number of budget heads including legal fees, (as a result of increased valuation appeals in the year), electoral IT licences and printing of register of electors which were partly offset by underspends in health & safety, office furniture & equipment. Overspends in computer services were fully funded by a grant for Individual Electoral Registration from the UK Cabinet Office.

Transport costs were £6,000 under budget due to lower than anticipated numbers participating in the Contract Car Hire Scheme, and an overspend of £33,000 on third party payments was due to an increase in the number of valuation appeal committees.

On the income side, other operating Income & Expenditure was £7,000 more than budgeted due to an increase in register sales. In addition, non-specific grant income was received from the Scottish Government - £20,000 in relation to the Scottish Referendum, and from the UK Cabinet Office - £107,000 in relation to Individual Electoral. A total of £82,000 of the Individual Electoral Registration funding will be carried forward into 2014/2015.

During 2013/2014 the Board incurred £23,000 of capital expenditure on computer equipment and associated communications networking. This expenditure was funded by the three Constituent Councils.

Under International Accounting Standard (IAS 19) (Employee Benefits), the Board is required to include figures in the Statements of Accounts relating to the assets, liabilities, income and expenditure related to the Tayside Superannuation Fund, the pension scheme for Tayside Valuation Joint Board employees. The Actuary has estimated that the Board had a net pension liability of £8,163,000 as at 31 March 2014, and the key assumptions underpinning the Actuary's calculations have been reviewed and accepted by Dundee City Council as administering authority.

In conclusion, it can be said that the Board's procedures for monitoring and managing its financial affairs have operated successfully during 2013/2014.

Copies of the enclosed Statement of Accounts will be submitted to the Controller of Audit at the Accounts Commission for Scotland. The Controller of Audit will, in due course instruct the Board's appointed external auditor (Mr David Watt, Engagement Director, KPMG) to commence his audit of the Accounts. The 2013/2014 audit process is due to be completed by no later than 30 September 2014 and the outcome of the audit will be reported back to the Board.

5 **POLICY IMPLICATIONS**

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

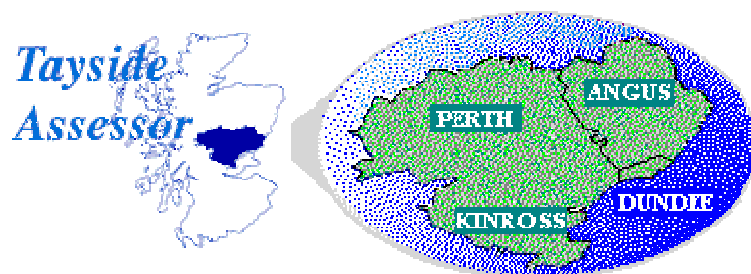
There are no major issues.

6 **CONSULTATIONS**

The Assessor has been consulted on the content of this report.

7 **BACKGROUND PAPERS**

None



TAYSIDE VALUATION JOINT BOARD

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

UNAUDITED

June 2014

TAYSIDE VALUATION JOINT BOARD
STATEMENT OF ACCOUNTS 2013/2014

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TAYSIDE VALUATION JOINT BOARD

MEMBERS AND OFFICIALS

Tayside Valuation Joint Board ("the Joint Board") was established in 1996 as part of the reorganisation of local government. It took over from the Local Authorities in its area certain duties in relation to valuation for rating and council tax. The 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 2013/2014 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 2013/2014, the Members and Officials of the Board were:

Representing Dundee City Council	
Councillor David Bowes (Spokesperson) Depute Lord Provost Christina Roberts Councillor Jimmy Black Councillor John Alexander Councillor Tom Ferguson Councillor Mohammed Asif	
Representing Angus Council	
Councillor Jim Houston (Vice-Convenor) Provost Helen Oswald Councillor Bill Bowles Councillor Bob Myles	
Representing Perth and Kinross Council	
Councillor Douglas Pover Councillor Elspeth Maclachlan (Convener) Councillor Alexander J Stewart Councillor Alistair Munro Councillor Willie Wilson	
Assessor	
Mr Alastair Kirkwood BSc, MRICS (Dip Rating), IRRV (Hons), AEA	
Clerk to the Board	
Mr Roger Mennie LLB (Hons), DipLP, Dundee City Council	
Treasurer	
Mrs Marjory Stewart, FCCA, CPFA, Dundee City Council	

TAYSIDE VALUATION JOINT BOARD

CONTACT DETAILS

The Assessor & Depute Assessor can be contacted at:

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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

The Scottish Assessors website address is: 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 2013/2014. 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 17 June 2013. It was the last meeting attended by the Assessor, John Galbraith, who retired on 30 June 2013, having held that position since 1 July 2011. The Board noted that Alastair Kirkwood had been appointed as the new Assessor and would take up that position with effect from 1 July 2013.

At the June meeting, the Board noted that the firm of Henderson Loggie, Chartered Accountants, had been appointed to provide Internal Audit services to the Board for the Financial Years 2013/2014 to 2015/2016. The Board also noted the External Audit Plan for 2012/2013 and five Internal Audit reports. Statistical data and background information in relation to Freedom of Information and Data Protection issues were also noted. The Board approved 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 annual update of the Board's Service Plan covering the period from 2013 to 2016 was approved by the Board. A Complaints Handling Procedure and a Mainstreaming Equality Report were also approved by the Board.

At the meeting in August the Board noted the Assessor's Annual Public Performance report, which provided information in relation to the Assessor's statutory functions and associated details of performance, staffing, budget and customer satisfaction. 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 also approved the Internal Audit Needs Assessment & Strategic Plan 2013 to 2016 and the Internal Annual Audit Plan 2013/2014.

In November the Board approved a report on two Internal Audits covering Performance Reporting 2013/2014 and General Ledger 2013/2014. The rent review of the Board's office accommodation at Ravenswood, Forfar, was noted by the Board. The Board also approved a recommendation to vary employees' Terms and Conditions to include Baseline Personnel Security Standards and Disclosure Checks, as required in connection with the move towards Individual Electoral Registration.

In January 2014 the provisional revenue budget for 2014/2015 and the updated capital expenditure programme for 2014/2015 to 2016/2017 were approved. The Board also approved an Internal Audit Report on Asset Management 2013/2014. A report on Individual Electoral Registration detailing the timetable, transition period and principal changes in moving to the new system were noted by the Board.

During the course of the year the Treasurer has kept the Board apprised of the budget position by presenting three-monthly Revenue Monitoring Reports. Internal Audit reports and follow-up reviews on various aspects of service delivery were also 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 Valuation Roll which, subject to prescribed exclusions, must contain all non-domestic properties within the Valuation Authority area.

- 2 Deal with 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 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 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 re-banding 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.

2013/2014 DEVELOPMENTS

Non-Domestic Rating

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

The Scottish Assessors' website also provides details of valuation calculations of the most common types of commercial properties such as shops, offices and industrial subjects. This enables ratepayers to check the valuations of their property and to compare them with others. There are approximately 13,000 summary valuation records, including historic records, available for Tayside properties, representing approximately 61% of all Tayside records.

The cumulative effect of all changes to entries in the Tayside Valuation Rolls during 2013/2014 is shown below. The changes reflect additions, deletions and the effect of appeal settlements.

Local Authority Area	Total No of Subjects		Rateable Value		Net Effect
	01/04/2013	31/03/2014	At 01/04/2013	At 31/03/2014	
Angus Council	4,777	4,793	£77,552,072	£76,768,772	- £783,300
Dundee City Council	5,731	5,736	£189,247,460	£188,621,470	- £625,990
Perth & Kinross Council	8,248	8,354	£149,577,225	£147,490,880	- £2,086,345
Total	18,756	18,883	£416,376,757	£412,881,122	- £3,495,635

Performance levels in relation to Valuation Roll maintenance improved slightly over the levels achieved in previous years and also slightly exceeded the targets set. 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. The target was to process 75% within 3 months and 88% within 6 months.

Local Authority Area	No of new and altered entries	Percentage entered of amended within		
		3 months	6 months	more than 6 months
Angus Council	255	82.7%	7.5%	9.8%
Dundee City Council	464	73.3%	19.2%	7.5%
Perth & Kinross Council	625	76.5%	16.2%	7.3%
Total	1,344	76.6%	15.5%	7.9%

During the course of the year, staff have been heavily involved in dealing with appeals arising from the 2010 Revaluation and subsequent years. 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 three 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 2014 is shown below.

	Appeals Received	Appeals Settled	Settled Appeals Rateable Value		Appeals Outstanding	
			Original RV	Settled RV	Appeals	RV
2010 Revaluation	6,016	4,667	£188,307,040	£177,947,590	983	£114,826,668
2010 Running Roll	2,914	1,595	£89,820,880	£89,319,890	1,319	£106,490,985
2011 Running Roll	3,015	1,256	£62,829,850	£62,517,425	1,759	£147,904,245
2012 Running Roll	447	45	£1,910,200	£1,824,900	402	£41,429,335
2013 Running Roll	206	31	£28,389,075	£28,267,670	175	£31,247,275

The statutory date for disposal of all appeals lodged during the period 2010 - 2012 (other than those referred to the Lands Tribunal for Scotland) was 31 December 2013 and all appeals were satisfactorily resolved by that date.

Council Tax Banding

The Valuation List, which comprises approximately 206,300 entries, was fully maintained during the year by adding new dwellings, deleting dwellings that have been demolished and re-banding dwellings as appropriate following alteration and sale. The list was maintained by way of weekly updates, with Banding Notices issued to Council Tax payers and notification of amendments to the 3 Councils' Finance Departments also transmitted on a weekly basis. Sales information continued to be identified and recorded to assist in the valuation and banding process.

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

The number of new dwellings entered in the Valuation List during 2013/2014 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	560	93.2%	5.0%	1.8%
Dundee City Council	280	93.6%	6.0%	0.4%
Perth & Kinross Council	527	96.0%	2.1%	1.9%
Total	1,367	94.4%	4.1%	1.5%

Performance in relation to how quickly new entries were entered on the Valuation List improved from the level reached in the previous year. The ability to achieve targets relies to some extent on the co-operation of house owners and occupiers in responding to enquiries and allowing access to their properties. The target was to deal with 90% within 3 months and 98% within 6 months.

Register of Electors

No elections were held locally in 2013/2014; however, as result of the introduction of Individual Electoral Registration system in September 2014, the Register of Electors' publication date was changed from 1 December 2013 to 10 March 2014.

Furthermore, this led to the review of existing absent voter records due to take place in January 2014 and January 2015 being brought forward to 1 August 2013.

Absent Vote Review

The absent vote review was conducted for those electors whose absent vote would be 5 years or older on 31 January 2015. Their review forms were issued requesting each elector to provide a fresh signature and confirmation of their date of birth. These reviews were sent to each elector on 1 August 2013 and the review process lasted for 6 weeks.

Local Authority Area	Reviewed	Returned	Others Responded (Cancellations/ Deceased)	Cancelled
Angus	6,059	5,098	311	650
Perth & Kinross	8,590	7,406	255	929
Total	14,649	12,504	566	1,579

Each elector who chose not to respond to the request had their absent votes cancelled, but was issued with another absent vote application form to complete.

2013/2014 Electoral Registration Canvass

A comprehensive review of canvass procedures was undertaken for the delayed 2013 annual canvass of electors, which was carried out between October 2013 and February 2014 prior to the publication of the Register of Electors on 10 March 2014.

Enquiry forms were issued to all households in the area on 7 October 2013 and reminders were issued on 14 November 2013 to those that did not respond to the first canvass form.

Local Authority Area	Initial Forms Issued	Reminder Forms Issued	Total Canvass Return
Angus	55,553	21,559	50,719
Perth & Kinross	71,793	27,038	64,700
Total	127,346	48,597	115,419

Information from Council Tax records was obtained from Angus Council and Perth & Kinross Council to assist in the process of verifying electors. Records were obtained in electronic format and were compared against electoral registration records by means of a computer program developed specifically for this purpose. This enabled a matching process to be carried out more effectively than in previous years and based on more up to date records.

Temporary canvassers were employed to visit households which failed to return forms and where records could not be verified from other sources. The number of properties which required visits or follow-up enquiries by telephone were:-

Angus	9,437
Perth & Kinross	<u>10,847</u>
	<u>20,284</u>

The revised procedures, together with an improved response rate, resulted in approximately 5,000 more properties requiring a visit than during the 2012 canvass.

Where there were no changes to the electors registered at a household, electors were given the opportunity to confirm their registration by using a free telephone service, the internet or SMS text message. Returns made by such means in 2013-2014 were:-

Telephone	12,944	(11.2% of all returns)
Internet	10,217	(8.9% of all returns)
Text Message	<u>3,512</u>	(3% of all returns)
	<u>26,673</u>	(23.1% of all returns)

This represents an increase of approximately 3,900 over the responses made in 2012, the largest increases being in the use of the internet where the number of users increased by approximately 2,400.

In comparison with 2012, the electorate on the Full Register has increased in both Angus and Perth & Kinross as follows:-

Local Authority Area	Electorate at 1 December 2012	Electorate at 10 March 2014	Net Increase
Angus	87,459	90,074	2,615
Perth & Kinross	112,372	115,068	2,696
Total	199,831	205,142	5,311

Edited Electoral Register

Electors may opt out of having their name listed on an edited version of the register, on which there is no restriction on access, sale and supply. Statistics in relation to the Full Register and the Edited Register are:-

Local Authority Area	Total Electorate on Full Register	Total No of Electors "Opting-Out" of Edited Register	Opt-outs as %	Total on Edited Register
Angus	90,074	8,374	9.30%	81,700
Perth & Kinross	115,068	12,654	11.00%	102,414
Total	205,142	21,028	10.25%	184,114

Registration of Young Voters

The franchise for voting at the Scottish Independence Referendum on 18 September 2014 was extended to those aged 16 or over on the date of the Referendum, consequently, the Electoral Registration Officer was required to prepare a register of all eligible young voters.

Lists of potentially eligible electors were provided, as requested, to the Electoral Registration Officer from public and private schools across Angus and Perth & Kinross.

To encourage registration, members of staff attended college fayres; mock referendum debates in schools and provided posters and information to their constituency Councils to provide to pupils.

A Registration of Young Voters form was also sent to each household in Angus and Perth & Kinross requesting the name of any person aged under 16 at the time the form was sent out, but who would reach 16 by 18 September 2014. The names of any pupil thought to be living at a particular address, as provided by their school, was pre-populated on forms to encourage a positive response.

Reminder forms were issued in February 2014 to any household which it was thought to have an eligible young voter living at the address. Any households which were subject to a personal canvass were also checked to determine if any young voters were residing.

The name of anyone aged 16, who will attain the age of 18 by 1 December 2015 and whose name was provided on either a canvass form or young voters form, was added to the Register of Electors if the form was received after 1 December 2013.

On 10 March 2014, an additional 4,994 persons aged under 18 were added to either the Register of Electors or the Registration of Young Voters. The Electoral Registration Officer is continuing to encourage registration and maintain the register of young voters ahead of the Referendum.

Performance Standards

The Electoral Commission has determined a set of standards against which Electoral Registration Officers are assessed in the performance of their duties. It is pleasing to note that the electoral registration service in Angus and Perth & Kinross has met or exceeded all standards in respect of the 2013/2014 canvass.

Individual Electoral Registration

Preparations for the introduction of Individual Electoral Registration in September 2014 are well underway and in the past year have involved a considerable amount of planning and consideration of revisions required to systems and procedures.

New security procedures have been introduced for IT systems and buildings, including identity badges and CCTV and protective coatings for windows of any rooms holding sensitive data.

All staff will have undergone significant training to ensure a smooth transition to the new registration system.

General

The management and organisation of the service has continued to operate with the assistance of various Working Groups reporting to the Management Team. These groups monitor all matters relating to the core functions, including governance, health and safety and information technology. The membership and remits of the Working Groups continue to be reviewed as necessary.

Senior members of staff have continued to contribute to the work of the Scottish Assessors' Association (SAA) which meets regularly to facilitate a consistent approach in the administration of the valuation, council tax and electoral registration services. Matters considered during the year included co-ordination of the

treatment of the 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.

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 2014. Generally, the results indicate a high degree of satisfaction amongst customers.

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank the Convener and members of Tayside Valuation Joint Board for their support, assistance and co-operation during the financial year. I would also like to express my thanks to my predecessor, Mr John Galbraith, for his work over many years prior to his retirement.

I would similarly express my appreciation to the Clerk to the Board Roger Mennie, and the Treasurer Marjory Stewart, for their advice, support and patience during the year. I would extend my grateful thanks also to the members of their respective staffs who have helped guide me through the first year.

Finally, I would conclude this report by recording my sincere thanks to my own Management Team, Information Technology, Headquarters and Divisional staff for their hard work, dedication and support in providing the Valuation and Electoral service during the past year.

**Alastair Kirkwood BSc, MRICS (Dip Rating), IRRV (Hons), AEA
Assessor,
Tayside Valuation Joint Board
Xx June 2014**

TAYSIDE VALUATION JOINT BOARD

TREASURER'S REPORT

Introduction

This report is intended as a commentary on the Joint Board's financial position, as presented within the Statement of Accounts for the financial year 2013/2014.

Annual Governance Statement (see page 14)

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 16)

This report sets out the remuneration and accrued pension benefits of the senior employees of the Board and the remuneration of the Convener and Vice 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 21)

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

The Accounting Statements (see pages 22 to 49)

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 28 January 2013, approved the final 2013/2014 Revenue Budget of £2,864,701 which was then requisitioned from the three Constituent Councils, in line with the following apportionment (based on Councils' 2013/2014 GAE figures for Lands Valuation and Council Tax Valuation):

Angus Council	26.43%	£757,140
Dundee City Council	33.28%	£953,372
Perth & Kinross Council	40.29%	<u>£1,154,189</u>
		<u>£2,864,701</u>

The 2013/2014 Revenue Budget of £2,864,701 was set at a level 0.55% higher than the approved 2012/2013 Revenue Budget, being an increase of £15,710. The increase in budget was due mainly to a 1% pay award, an increase in supplies and services and valuation appeal expenses partly offset by a reduction in staff costs.

The Board received quarterly Revenue Monitoring reports during 2013/2014 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 28 January 2013 to the revised budget figures that are included in the Comprehensive Income and Expenditure Statement shown on page 23. Actual outturn figures and under/overspends are also shown and are explained in the detailed variance analysis below.

	Approved Budget	Corp & Democratic Core Re-allocation	Depreciation	Capital Contribution Reallocation	Employee Benefits Adjust	IAS 19 Adjusts	Revised Budget	Actual Expend/ (Income)	(Under)/ Over Spend
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Staff Costs	2,514	-	-	-	2	136	2,652	2,636	(16)
Property Costs	334	-	-	-	-	-	334	336	2
Supplies and Services	329	(15)	-	-	-	-	314	354	40
Transport Costs	64	-	-	-	-	-	64	58	(6)
Third Party Payments	55	-	-	-	-	-	55	88	33
Depreciation	-	-	31	-	-	-	31	31	-
Corporate and Democratic Core	-	15	-	-	-	-	15	15	-
Cost Of Services	3,296	-	31	-	2	136	3,465	3,518	53
Other Operating Income & Expenditure	(429)	-	-	-	-	-	(429)	(436)	(7)
Financing & Investment Income & Expenditure	(2)	-	-	-	-	265	263	263	-
Taxation & Non-Specific Grant Income	-	-	-	-	-	-	-	(46)	(46)
(Surplus)/Deficit on Provision of Services before Requisition	2,865	-	31	-	2	401	3,299	3,299	-
Recognised Capital Income	-	-	-	(23)	-	-	(23)	(23)	-
Requisition Income	(2,865)	-	-	-	-	-	(2,865)	(2,865)	-
Total (Surplus) / Deficit	-	-	31	(23)	2	401	411	411	-
IAS 19 Adjustments	-	-	-	-	-	(401)	(401)	(401)	-
Other IFRS Code Accounting Adjustments	-	-	(31)	23	(2)	-	(10)	(10)	-
Total (Surplus)/Deficit for the year	-	-	-	-	-	-	-	-	-

During 2013/2014 Valuation and Electoral Registration (including Additional Electoral Registration) expenditure was on budget and as a result there is no under/overspend to be accounted for.

The main budget variances are summarised below:

Staff Costs (Underspend £16,000):

Mainly due to delays in filling a post and employees currently working reduced hours.

Property Costs (Overspend £2,000)

Due mainly to higher than budgeted expenditure on repairs and maintenance

Supplies & Services (Overspend £40,000)

Overspends across a number of budget heads including Legal Fees, which resulted from the additional valuation appeals in the year, Electoral IT Licences and Printing of Register of Electors were partly offset by underspends in Health & Safety and various other budget headings. Overspends in Computer Services were fully funded by a grant for Individual Electoral Registration from the UK Cabinet Office.

Transport Costs (Underspend £6,000)

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

Third Party Payments (Overspend £33,000)

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

Other Operating Income & Expenditure (Increased Income £7,000)

Due mainly to higher number of register sales anticipated.

Taxation & Non-Specific Grant Income (Increased Income £46,000)

Due to a Scottish Government Grant received in the year - £20,000 in relation to the Scottish Referendum and a UK Cabinet Office grant of £108,000 in relation to Individual Electoral Registration - £82,000 of which will be carried forward into 2014/2015.

General Reserve

The General Reserve balance of £102,974 is unchanged in 2013/2014. The Board's previously approved policy is 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 2013/2014 Revenue Budget.

However, in terms of setting the 2014/2015 budget in January 2014 this policy was reviewed. In order to ensure no increase in the requisition from Constituent Councils in 2014/2015, the Treasurer advised that the minimum level of uncommitted balances that the Board should operate with is £60,000, therefore the sum of £21,000 could be taken from the General Reserve and used in the setting of the Board's 2014/2015 Revenue Budget. The policy was reviewed in light of the relatively low financial risk profile of the Board and the current financial pressures on Councils, particularly in terms of flat-cash settlements.

Capital Expenditure

During 2013/2014 the Board incurred £22,979 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 £8,163,000 as at 31 March 2014. The estimated net Pension Liability at 31 March 2013 was £5,742,000. An increase in the present value of the funded obligation of the scheme has resulted in an increase in the overall net liability of £2,421,000.

Balance Sheet Net Liabilities

The Board's Balance Sheet as at 31 March 2014 shows Net Liabilities of £8,094,000. The significant factor in the Net Liabilities position is the IAS 19 Pension Liability of £8,163,000. The IAS 19 Pension Liability figure is based on a "snap shot" at 31 March 2014 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 Pension 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 2013/2014 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 Alastair Kirkwood, Assessor, his predecessor John Galbraith and the staff of the Board 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 Roger Mennie, Clerk to the Board.

Finally, I would conclude the report by thanking all staff who have contributed to the preparation of the Board's 2013/2014 Statement of Accounts.

Marjory Stewart FCCA, CPFA
Treasurer
Tayside Valuation Joint Board
xx June 2014

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 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 36-point checklist by the Assessor, covering four key governance areas of Service Planning and Performance Management, Internal Control Environment, Budgeting, Accounting and Financial Control and Risk Management and Business Continuity. This indicates that the Board are fully compliant in the four key governance areas covered.

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

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. Future actions will be taken as necessary to maintain and further enhance the Boards governance arrangements.

Marjory Stewart FCCA, CPFA
Treasurer
Tayside Valuation Joint Board
xx June 2014

Alastair Kirkwood BSc, MRICS, IRRV, AEA
Assessor
Tayside Valuation Joint Board
xx June 2014

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, Vice 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. Tables 1, 2 and 3 are subject to audit, and the remainder of the report is subject to review.

REMUNERATION ARRANGEMENTS

Convener and Vice Convener

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

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

The remuneration details for the Convener and Vice 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 covering five posts meet the criteria for designation as a Senior Employee in 2013/2014, with all five 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 Employees	No of Employees
	2012/2013	2013/2014
£50,000 - £54,999	3	3
£70,000 - £74,999	-	1
£75,000 - £79,999	1	1
£95,000 - £99,999	1	-
Total	5	5

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 members' contribution rates for 2013/2014 remain at the 2009/2010 rates although the pay bandings have been adjusted. The tiers and contribution rates are as follows:

2012/2013 Whole Time Pay on Earnings:	Contribution Rate 2012/2013	2013/2014 Whole Time Pay on Earnings:	Contribution Rate 2013/2014
up to and including £19,400	5.5%	up to and including £19,800	5.5%
above £19,400 and up to £23,700	7.25%	above £19,800 and up to £24,200	7.25%
above £23,700 and up to £32,500	8.5%	above £24,200 and up to £33,200	8.5%
above £32,500 and up to £43,300	9.5%	above £33,200 and up to £44,200	9.5%
above £43,300	12%	above £44,200	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 1/60th of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

Convener and Vice Convener

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

Senior Employees

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

Exit Packages

There were no exit packages in 2013/2014 (2012/2013 Nil).

Assumptions and Contextual Information

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

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

- (i) the figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
- (ii) the accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time. In 2013/2014, the scheme member contribution rate for Senior Employees was in the range of 7.9% to 9.9% of pensionable pay. In 2013/2014, the employer contribution rate was 18.0% of pensionable pay for Senior Employees.

Marjory Stewart FCCA, CPFA
Treasurer
Tayside Valuation Joint Board
xx June 2014

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 2013/2014	Total Remuneration 2012/2013
		£	£	£	£	£
Tom Ferguson *	Convener, Tayside Valuation Joint Board	-	-	-	-	371
Jim Houston **	Vice-Convener, Tayside Valuation Joint Board	3,076	-	-	3,076	2,453
Total		3,076	-	-	3,076	2,824

Note

* Recharged to the Board by Dundee City Council in respect of Convener from 1 April 2012 until the election on 3 May 2012.

Councillor Elspeth Maclachlan (Perth & Kinross Council) was appointed Convener at the Board meeting on 11 June 2012 following the election on 3 May 2012. No recharge was made for remuneration for this appointment during 2013/2014.

** Recharged to the Board by Angus Council in respect of the Vice-Convener .

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 2013/2014	Total Remuneration 2012/2013
		£	£	£	£	£	£	£
John Galbraith	Assessor (Until 30 June 2013) (full year equivalent - £98,760)	24,689	-	-	-	-	24,689	97,780
Alastair Kirkwood	Assessor (From 1 July 2013) (full year equivalent - £98,760)	74,068	-	-	-	-	74,068	-
Henry Gray	Depute Assessor	76,219	-	-	-	3,589	79,808	77,955
Donald Allan	Assistant Assessor	51,680	-	-	-	-	51,680	51,474
Roy Christie	Assistant Assessor	51,680	-	-	-	-	51,680	51,167
Richard Michalski	Assistant Assessor	51,680	-	-	-	-	51,680	51,487
Total		330,016	-	-	-	3,589	333,605	329,863

* Lease Car benefit value

TABLE 3 – SENIOR EMPLOYEES ACCRUED PENSION BENEFITS

Employee Name	Post Title	Pension as at 31 March 2014 £000	Pension Difference from 31 March 2014 £000	Lump Sum as at 31 March 2014 £000	Lump Sum Difference from 31 March 2014 £000	Pension Contribution 2013/2014 £	Pension Contribution 2012/2013 £
John Galbraith	Assessor (until 30 June 2013)	53	-	140	-	4,444	17,600
Alastair Kirkwood	Assessor (from 1 July 2013)	38	n/a	89	n/a	13,332	n/a
Henry Gray	Depute Assessor	34	1	84	1	13,719	13,583
Donald Allan	Assistant Assessor	19	1	45	-	9,302	9,210
Roy Christie	Assistant Assessor	21	1	49	-	9,302	9,210
Richard Michalski	Assistant Assessor	15	1	32	-	9,302	9,210
Total		180	4	439	1	59,401	58,813

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 2014.

Marjory Stewart FCCA, CPFA
Treasurer
Tayside Valuation Joint Board
xx June 2014

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
Balance at 31 March 2012	(103)	(103)	6,862	6,759
<u>Movement in Reserves during 2012/2013</u>		Restated		
(Surplus) or Deficit on Provision of Services	435	435	-	435
Other Comprehensive Expenditure and Income	-	-	(1,531)	(1,531)
Total Comprehensive Expenditure and Income	435	435	(1,531)	(1,096)
Adjustments Between Accounting Basis & Funding Basis Under Regulations (note 4)	(435)	(435)	435	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	-	-	(1,096)	(1,096)
Transfers to/(from) Earmarked Reserves	-	-	-	-
(Increase)/Decrease in 2012/2013	-	-	(1,096)	(1,096)
Balance at 31 March 2013 carried forward	(103)	(103)	5,766	5,663
<u>Movement in Reserves during 2013/2014</u>				
(Surplus) or Deficit on Provision of Services	411	411	-	411
Other Comprehensive Expenditure and Income	-	-	2,020	2,020
Total Comprehensive Expenditure and Income	411	411	2,020	2,431
Adjustments Between Accounting Basis & Funding Basis Under Regulations (note 4)	(411)	(411)	411	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	-	-	2,431	2,431
Transfers to/(from) Earmarked Reserves	-	-	-	-
(Increase)/Decrease in 2013/2014	-	-	2,431	2,431
Balance at 31 March 2014 carried forward	(103)	(103)	8,197	8,094

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 is usable reserves, ie those that the Board may use to provide services, subject to the need to maintain a prudent level of reserves. The second category is those that the Board is not able to use to provide services. This category includes reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2013 £000	Note	31 March 2014 £000
95 Property, Plant & Equipment	22	87
95 Long Term Assets		87
44 Short Term Debtors	24	52
519 Cash and Cash Equivalents	13	416
563 Current Assets		468
(524) Short Term Creditors	25	(431)
(55) Capital Contributions Receipts in Advance	28	(55)
(579) Current Liabilities		(486)
(5,742) Net Pension Liabilities	18	(8,163)
(5,742) Long Term Liabilities		(8,163)
(5,663) Net Liabilities		(8,094)
103 Usable reserves	9	103
(5,766) Unusable Reserves	10	(8,197)
(5,663) Total Reserves		(8,094)

Marjory Stewart FCCA, CPFA
Treasurer
Tayside Valuation Joint Board
xx June 2014

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.

Restated		
2012/2013		2013/2014
£000		£000
435	Net (surplus) or deficit on the provision of services	411
(547)	Adjust net (surplus) or deficit on the provision of services for non cash movements	(331)
(112)	Net cash flows from Operating Activities (note 11)	80
26	Investing Activities (note 12)	23
(86)	Net (increase) or decrease in cash and cash equivalents	103
433	Cash and cash equivalents at the beginning of the reporting period	519
519	Cash and cash equivalents at the end of the reporting period (note 13)	416

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 2013/2014 financial year and its position at the year-end of 31 March 2014. The Board is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985. 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 2013/2014 and the Service Reporting Code of Practice 2013/2014, 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 25), 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 Statement at the earlier of when the Board can no longer withdraw the offer of those benefits or when the Board recognises costs for a restructuring. 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 Pension Scheme (Tayside Pension Fund), a defined benefits scheme which is administered by Dundee City Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Board.

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

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

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

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

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

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

In relation to retirement benefits, statutory provisions require the General Reserve balance to be charged with the amount payable by the 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 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and 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 grants or contributions will be received

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

I Leases

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

The 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 9 and 10.

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 2014 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.	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 £569,000.

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.

2013/2014	General Reserve Balance £000	Movement in Unusable Reserves £000	Total 2013/2014 £000
Adjustments involving the Capital Adjustment Account:			
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>			
Charges for depreciation and impairment of non current assets	(31)	31	-
Capital contributions that have been applied to capital financing	23	(23)	-
Adjustments involving the Pensions Reserve:			
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 18)	(767)	767	-
Employer's pensions contributions and direct payments to pensioners payable in the year	366	(366)	-
Adjustment involving the Accumulating Compensated Absences Adjustment Account:			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2)	2	-
Total Adjustments	(411)	411	-
	Restated General Reserve Balance £000	Restated Movement in Unusable Reserves £000	Total 2012/2013 £000
2012/2013			
Adjustments involving the Capital Adjustment Account:			
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>			
Charges for depreciation and impairment of non current assets	(28)	28	-
Capital contributions that have been applied to capital financing	26	(26)	-
Adjustments involving the Pensions Reserve:			
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 18)	(786)	786	-
Employer's pensions contributions and direct payments to pensioners payable in the year	348	(348)	-
Adjustment involving the Accumulating Compensated Absences Adjustment Account:			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	5	(5)	-
Total Adjustments	(435)	435	-

5 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - OTHER OPERATING INCOME & EXPENDITURE		
2012/2013 £000		2013/2014 £000
(411)	Recharge for Electoral Registration (note 14)	(427)
(4)	Other Income	(9)
(415)	Total	(436)

6 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - FINANCING AND INVESTMENT INCOME AND EXPENDITURE		
Restated		
2012/2013 £000		2013/2014 £000
315	Net interest on the net defined benefit liability (asset)	265
(3)	Interest receivable and similar income	(2)
312	Total	263

7 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT – TAXATION AND NON-SPECIFIC GRANT INCOME		
2012/2013 £000		2013/2014 £000
-	Government Grants (see note 29)	(46)
-	Total	(46)

8 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - RECOGNISED CAPITAL INCOME		
2012/2013 £000		2013/2014 £000
(26)	Capital Contributions from Constituent Authorities in year	(23)
(26)	Total	(23)

9 **BALANCE SHEET - USABLE RESERVES**

Movements in the Board's usable reserves are detailed in the Movement in Reserves Statement on page 22.

10 BALANCE SHEET - UNUSABLE RESERVES		
2012/2013 £000		2013/2014 £000
52	Capital Adjustment Account	44
(5,742)	Pensions Reserve	(8,163)
(76)	Accumulating Compensated Absences Adjustment Account	(78)
(5,766)	Total Unusable Reserves	(8,197)

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.

2012/2013		2013/2014
£000		£000
54	Balance at 1 April	52
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
	• Charges for depreciation and impairment of non current assets	(31)
(28)		
	Capital financing applied in the year:	
	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	23
26		
52	Balance at 31 March	44

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.

Restated
2012/2013
£000

2012/2013		2013/2014
£000		£000
(6,835)	Balance at 1 April	(5,742)
1,300	Remeasurement of the net defined benefit liability/(asset)	(2,020)
(555)	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	(767)
348	Employer's pensions contributions and direct payments to pensioners payable in the year	366
(5,742)	Balance at 31 March	(8,163)

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.

2012/2013		2013/2014
£000		£000
(81)	Balance at 1 April	(76)
81	Settlement or cancellation of accrual made at the end of the preceding year	76
(76)	Amounts accrued at the end of the current year	(78)
5	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2)
(76)	Balance at 31 March	(78)

11 CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2012/2013		2013/2014
£000		£000
(3)	Interest received	(2)
(3)	Total Operating Activities	(2)

12 CASH FLOW STATEMENT - INVESTING ACTIVITIES

2012/2013		2013/2014
£000		£000
26	Purchase of property, plant and equipment, investment property and intangible assets	23
26	Total Investing Activities	23

13 CASH FLOW STATEMENT - CASH AND CASH EQUIVALENTS

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

31 March 2013		31 March 2014
£000		£000
519	Bank current account	416
519	Total cash and cash equivalents	416

14 **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 Statement)
- 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:

Divisional Income and Expenditure	Total
2012/2013	£000
Requisition and other income	<u>(3,131)</u>
Total Income	<u>(3,131)</u>
Employee expenses	<u>2,385</u>
Other service expenses	<u>746</u>
Total Expenditure	<u>3,131</u>
Net Expenditure	<u>-</u>

Divisional Income and Expenditure	Total
2013/2014	£000
Requisition & other income	<u>(3,349)</u>
Total Income	<u>(3,349)</u>
Employee expenses	<u>2,498</u>
Other service expenses	<u>851</u>
Total Expenditure	<u>3,349</u>
Net Expenditure	<u>-</u>

	2012/2013	2013/2014
	£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)	<u>435</u>	<u>411</u>
(Surplus) or Deficit on Provision of Services	<u>435</u>	<u>411</u>

15 **AGENCY SERVICES**

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

	2012/2013 £000	2013/2014 £000
Expenditure incurred in providing electoral registration services to Angus Council	164	172
Fee payable by Angus Council	<u>164</u>	<u>172</u>
Net surplus arising on the agency arrangement	<u>-</u>	<u>-</u>
Expenditure incurred in providing electoral registration services to Perth & Kinross Council	247	255
Fee payable by the Perth & Kinross Council	<u>247</u>	<u>255</u>
Net surplus arising on the agency arrangement	<u>-</u>	<u>-</u>

16 **MEMBERS ALLOWANCES**

The Valuation Joint Board were recharged by Angus Council for the following allowance paid to the Vice-Convener:

	2012/2013 £000	2013/2014 £000
Vice-Convener's Allowance	3	3
Total Members Allowances	<u>3</u>	<u>3</u>

17 **EXTERNAL AUDIT COSTS**

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

	2012/2013 £000	2013/2014 £000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	7	7
Total	<u>7</u>	<u>7</u>

18 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 Pension 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:

	Local Government Superannuation Scheme	
	Restated	
	2012/2013	2013/14
	£000	£000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
• service cost	471	502
Financing and Investment Income and Expenditure		
• net interest on the defined liability (asset)	307	256
• administration expenses	8	9
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	786	767
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined liability comprising:		
• Return on plan assets (excluding the amount included in the net interest expense)	1,795	484
• Actuarial gains and losses arising on changes in demographic assumptions	-	(617)
• Actuarial gains and losses arising on changes in financial assumptions	(245)	(1,927)
• Other	(19)	40
	1,531	(2,020)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	2,317	(1,253)
Movement in Reserves Statement		
• reversal of net changes made to the Surplus or Deficit for Provision of Services for post employment benefits		
• in accordance with the Code	(786)	(767)
<i>Actual amount charged against the General Reserve Balance for pensions in the year:</i>		
• employers' contributions payable to scheme	348	366

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme	
	2012/2013 £000	2013/2014 £000
Present value of funded obligation	22,491	25,895
Fair value of Scheme assets (bid value)	17,041	17,991
Net liability	5,450	7,904
Present value of unfunded obligation	292	259
Net liability in balance sheet	5,742	8,163

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	Restated 2012/2013 £000	2013/2014 £000
Opening balance at 1 April	14,562	17,041
Interest income on assets	670	777
Remeasurement gain/(loss):		
Return on assets less interest	1,795	484
Administrative expenses	(8)	(9)
Employer contributions	345	365
Contributions by scheme participants	124	130
Benefits paid	(447)	(797)
Closing balance at 31 March	17,041	17,991

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

**Funded liabilities: Local Government
Pension Scheme**

	Restated	
	2012/2013	2013/2014
	£000	£000
Opening balance at 1 April	21,397	22,783
Current service cost	471	502
Interest cost	977	1,033
Contributions by scheme participants	124	130
<i>Remeasurement gains & losses:</i>		
- Change in financial assumptions	245	1,927
- Change in demographic assumptions	-	617
Experience loss/(gain) on defined benefit obligation	16	(41)
Benefits paid	(447)	(797)
Closing balance at 31 March	22,783	26,154

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

	31 March 2013		31 March 2014	
	£000s	%	£000s	%
Equities	12,099	71%	12,774	71%
Gilts	1,193	7%	900	5%
Other Bonds	1,874	11%	2,338	13%
Property	1,534	9%	1,619	9%
Cash	341	2%	360	2%
	17,041	100%	17,991	100%

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Tayside Pension Fund has been assessed by Barnett Waddingham, an independent firm of actuaries, based on the latest triennial actuarial valuation as at 31 March 2014.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2012/2013	2013/2014
<i>Mortality assumptions:</i>		
Longevity at 65 for current pensioners (years):		
Men	20.6	21.0
Women	22.9	23.3
Longevity at 65 for future pensioners (years):		
Men	21.9	23.2
Women	24.5	25.6
<i>Other assumptions:</i>		
Rate of inflation (RPI)	3.4%	3.7%
Rate of inflation (CPI)	2.6%	2.9%
Rate of increase in salaries	4.8%	5.1%
Rate of increase in pensions	2.6%	2.9%
Rate for discounting scheme liabilities	4.6%	4.6%

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

Impact on the defined benefit obligation in the Scheme, (based on projected value of total obligation of £26.154m and projected service cost of £562,000 at 31st March 2015):

	£000	£000
Adjustment to discount rate:	+0.1%	-0.1%
Present value of total obligation	25,585	26,736
Projected service cost	545	579
Adjustment to long term salary increase:	+0.1%	-0.1%
Present value of total obligation	26,455	25,858
Projected service cost	572	552
Adjustment to pension increases and deferred revaluation:	+0.1%	-0.1%
Present value of total obligation	26,444	25,871
Projected service cost	569	555
Adjusted to mortality age rating assumption	+1 Year	-1 Year
Present value of total obligation	25,195	27,123
Projected service cost	541	582

Impact on the Board's Cash Flows

The total contributions expected to be made to the Local Government Pension Scheme by the Board in the year to 31 March 2015 are £331,000.

The weighted average duration of the defined benefit obligation for scheme members is 23 years in 2013/2014 (2012/2013 – 23 years)

19 EVENTS AFTER THE BALANCE SHEET DATE

There were no events that occurred between 1 April 2014 and ** June 2014 that would have an impact on the 2013/2014 financial statements. The latter date is the date on which the accounts were authorised for issue by the Treasurer.

20 RELATED PARTIES

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

The three Constituent Councils are considered to be related parties of the Valuation Joint Board and during the 2012/2013 financial year, the Board entered into a number of transactions with the Constituent Councils as detailed below:

2012/2013			2013/2014	
Charges To £000	Charges From £000		Charges To £000	Charges From £000
Angus Council				
(717)	-	Valuation Services Requisition	(757)	-
(164)	-	Electoral Services Recharge	(172)	-
(9)	-	Contribution to Capital Expenditure	(8)	-
(26)	-	Sundry Recoveries and Sales	(1)	-
-	3	Vice-Convenor Recharge	-	3
-	6	Office Cleaning Services	-	6
-	18	Property Rental (Ravenswood)	-	18
(916)	27		(938)	27
Dundee City Council				
(903)	-	Valuation Services Requisition	(954)	-
(9)	-	Contribution to Capital Expenditure	(8)	-
(3)	-	Interest Receivable	(2)	-
-	23	Central Support Services	-	24
(915)	23		(964)	24
Perth & Kinross Council				
(1,093)	-	Valuation Services Requisition	(1,154)	-
(247)	-	Electoral Services Recharge	(255)	-
(9)	-	Contribution to Capital Expenditure	(8)	-
(33)	-	Sundry Recoveries and Sales	(1)	-
(1,382)	-		(1,418)	-

The undernoted balance existed between the Board and its related parties as at 31 March 2014.

31 March 2013			31 March 2014	
Amounts Due From £000	Amounts Due To £000		Amounts Due From £000	Amounts Due To £000
Angus Council				
-	36	Valuation Services Requisition	-	63
-	4	Electoral Services Recharge	-	14
-	40		-	77
Dundee City Council				
-	45	Valuation Services Requisition	-	-
(3)	-	Interest Receivable	(2)	-
(3)	45		(2)	-
Perth & Kinross Council				
-	55	Valuation Services Requisition	-	-
-	3	Electoral Services Recharge	-	-
-	58		-	-

21 **LEASES**

Board as Lessee

Finance Leases

The Valuation Joint Board held no assets on finance lease during 2013/2014 and accordingly, there were no finance lease rentals paid to lessors during 2013/2014 (2012/2013 None).

Operating Leases

The Valuation Joint Board occupied office premises in Dundee, Perth and Forfar on operating leases during 2013/2014. The total operating lease rentals paid to lessors in 2013/2014 were £162,200 (2012/2013 £161,950).

In addition, Dundee City Council administers a Contract Car Hire Scheme on behalf of the employees of the Joint Board. In the financial year 2013/2014, total operating lease rental payments of £61,717 (2012/2013 £59,132) were made by the Board to the lessor, offset by contributions of £38,110 from employees (2012/2013 £34,682).

In respect of operating leases at 31 March 2014, the Valuation Joint Board is committed to making payments to lessors of £916,129 (at 31 March 2013 - £1,043,889). This comprises the following elements:

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

	31 March 2013	31 March 2014
	£000	£000
Not later than one year	190	217
Later than one year and not later than five years	631	532
Later than five years	223	167
	1,044	916

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

	31 March 2013	31 March 2014
	£000	£000
Lease payments	221	224
Employee contributions	(35)	(38)
	186	186

22 PROPERTY, PLANT AND EQUIPMENT

Movements on Balances

Movements in 2013/2014:

	Total
	£000
Gross Book Value	
At 1 April 2013	196
Additions	23
Disposals	-
At 31 March 2014	219
Accumulated Depreciation and Impairment	
At 1 April 2013	(101)
Depreciation charge	(31)
Written Back on Disposals	-
At 31 March 2014	(132)
Net Book Value	
At 31 March 2014	87
At 31 March 2013	95

Comparative Movements in 2012/2013:

	Total
	£000
Gross Book Value	
At 1 April 2012	179
Additions	26
Disposals	(9)
At 31 March 2013	196
Accumulated Depreciation and Impairment	
At 1 April 2012	(82)
Depreciation charge	(28)
Written Back on Disposals	9
At 31 March 2013	(101)

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

At its meeting on 27th January 2014, the Joint Board approved a new 3 year Capital Programme (2014 - 2017) which reflected the latest phasing of existing projects. The new programme for capital expenditure is as follows:

- 2014/2015 - £23,000
- 2015/2016 - £23,000
- 2016/2017 - £23,000

The programme is to be funded by capital contributions from the three Constituent Councils. None of the proposed expenditure in the 2014-2017 programme was legally committed as at 31 March 2014.

23 CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2012/2013 £000	2013/2014 £000
<i>Capital investment:</i>		
Property, Plant and Equipment	26	23
<i>Sources of finance:</i>		
Contributions from Constituent Councils in year	(26)	(23)
<i>Closing Capital Financing Requirement</i>	-	-

24 SHORT TERM DEBTORS

	31 March 2013 £000	31 March 2014 £000
Central government bodies	14	14
Local authorities	3	2
Other entities and individuals	27	36
Total	44	52

25 SHORT TERM CREDITORS

	31 March 2013 £000	31 March 2014 £000
Central government bodies	2	83
Local authorities	371	92
Other entities and individuals	151	256
Total	524	431

26 CONTINGENT LIABILITIES

No contingent liabilities existed at 31 March 2014 (31 March 2013 None).

27 CONTINGENT ASSETS

No contingent assets existed at 31 March 2014 (31 March 2013 None).

28 **CAPITAL CONTRIBUTION INCOME**

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

	2012/2013 £000	2013/2014 £000
Capital Contributions from Constituent Councils	26	23
Total	26	23

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 2013 £000	31 March 2014 £000
Capital Contributions Receipts in Advance:		
At 1 April	54	55
Capital Contributions received in year	27	23
Transfer to Recognised Capital Income	(26)	(23)
At 31 March	55	55

29 **GRANT INCOME**

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

	31 March 2013 £000	31 March 2014 £000
Scottish Government – Scottish Referendum Funding	-	20
UK Cabinet Office – Individual Electoral Registration Funding	-	26
Total	-	46

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

	31 March 2013 £000	31 March 2014 £000
Grants Receipts in Advance (Revenue Grants)	-	
UK Cabinet Office – Individual Electoral Registration Funding	-	82
Total	-	82

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

30 PRIOR PERIOD ADJUSTMENT

The International Accounting Standards Board published a final version of the revised IAS 19 standard, which applies to the accounting periods beginning on or after 1 January 2013. In summary the main changes are:

- removal of the expected return on assets, which is replaced by a net interest cost comprising interest income on assets and interest expense on the liabilities, which are both calculated with reference to the discount rate; and
- administration expenses are now accounted for within the Comprehensive Income and Expenditure Statement charge. Previously this was a deduction to the actual and expected return on assets.

Restatement is required at the beginning of the earliest period presented.

Reconciliation of adjustments to Movement in Reserves Statement:

	Disclosed 2012/2013 £000	Adjustment 2012/2013 £000	Restated 2012/2013 £000
(Surplus) or Deficit on Provision of Services	204	231	435
Other Comprehensive Expenditure and Income	(1,300)	(231)	(1,531)
Total	(1,096)	-	(1,096)

Reconciliation of adjustments to Comprehensive Income and Expenditure Statement:

	Disclosed 2012/2013 £000	Adjustment 2012/2013 £000	Restated 2012/2013 £000
Financing and Investment Income and Expenditure (note 6)	81	231	312
(Surplus)/Deficit on Provision of Services	204	231	435
Actuarial (Gains)/Losses on Pension Assets/Liabilities	(1,300)	(231)	(1,531)
Total Comprehensive Income & Expenditure	(1,096)	-	(1,096)

Adjustments to Cashflow Statement:

	Disclosed 2012/2013 £000	Adjustment 2012/2013 £000	Restated 2012/2013 £000
Net (surplus) or deficit on the provision of services	204	231	435
Adjust net (surplus) or deficit on the provision of services for non cash movements	(316)	(231)	(547)

INDEPENDENT AUDITOR'S REPORT

The Statement of Accounts set out in pages 14-49 are subject to audit in accordance with the requirements of Part vii of the Local Government (Scotland) Act 1973.

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

David Watt
Engagement Director
KPMG LLP
191 West George Street
GLASGOW
G2 2LJ