



*Dunbartonshire and Argyll & Bute  
Valuation Joint Board*

**MANAGEMENT COMMENTARY &  
ANNUAL ACCOUNTS**

**FOR YEAR ENDING 31 MARCH 2015**

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

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**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**JOINT BOARD MEMBERS & OFFICIALS AS AT 31 MARCH 2015**

**ARGYLL & BUTE COUNCIL**

Councillor John Armour  
Councillor Richard Trail  
Councillor John McAlpine  
Councillor Gordon Blair  
Councillor Donald MacMillan

**EAST DUNBARTONSHIRE COUNCIL**

Councillor Jim Gibbons  
Councillor Vaughan Moody (Vice Chair)  
Councillor John Jamieson  
Councillor Manjinder Shergill  
Councillor Bill Hendry  
Councillor Michael O'Donnell

**WEST DUNBARTONSHIRE COUNCIL**

Councillor Jim Brown (Chair)  
Councillor Jonathan McColl  
Councillor Tommy Rainey  
Councillor Kath Ryall  
Councillor Lawrence O'Neill

**OFFICIALS**

David Thomson (Assessor)  
Robert Nicol (Depute Assessor)  
Peter Hesselset (Clerk)  
Stephen West (Treasurer)



*Dunbartonshire and Argyll & Bute  
Valuation Joint Board*

**MANAGEMENT COMMENTARY  
FOR THE YEAR ENDING 31<sup>ST</sup> MARCH 2015**

# **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

## **GENERAL SERVICE AIMS AND OBJECTIVES**

### **WHO WE ARE AND WHAT WE DO**

Dunbartonshire and Argyll & Bute Valuation Joint Board is an independent local government body which was established by The Valuation Joint Boards (Scotland) Order 1995. We professionally compile and maintain the Valuation Rolls, Council Tax Valuation Lists and Registers of Electors for the Argyll & Bute, East Dunbartonshire and West Dunbartonshire council areas.

### **OUR AIMS**

Building on our established professionalism, we aim to provide high quality, effective and responsive services to all of our stakeholders.

### **COMMITMENTS**

We are committed to:

- Consulting our stakeholders, and listening and responding to their views
- Valuing staff and providing them with opportunities to develop and contribute
- Reacting innovatively to change
- Encouraging innovation and recognising achievement within the organisation
- Treating all stakeholders, including staff, in a fair, consistent manner and in accordance with equal opportunities requirements
- Striving for continuous improvement in all aspects of service delivery
- Ensuring that we are accessible and accountable to stakeholders
- Pro-actively planning workloads and deploying resources efficiently
- Using language which is easy to understand
- Working with our partners in the Scottish Assessors' Association to ensure Scotland-wide consistency of approach to service delivery

# **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

## **1.0 INTRODUCTION**

I am pleased to present the Joint Board's Management Commentary and Annual Accounts in relation to the 2014/15 financial year.

The main purpose of this Management Commentary is to inform all users of the accounts and to help them assess how the Joint Board perform their duty to promote the success of the Valuation Joint Board. This Management Commentary also summarises the functions and activities of the office of the Assessor and ERO over the past year and provide information on the performance levels achieved in carrying out the statutory duties of the organisation.

The requirements governing the format and content of local authorities' annual accounts (under s106 of the Local Government (Scotland) Act 1973 joint boards and committees are classed as local authorities) are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the "Code").

The 2010 Non-Domestic Rating Revaluation came into effect at 1<sup>st</sup> April 2010 and, in 2012 the 2015 Revaluation was postponed until 1<sup>st</sup> April 2017. Appeal activity arising directly from the 2010 Revaluation is now at a very low level, though running roll and 'material change of circumstance' appeals were received throughout the 2014/15 year.

In relation to our Council Tax functions, more new dwellings were added to the Council Tax Lists than in any year since the collation of performance statistics commenced in 2000/01.

During 2014/15 our Electoral Registration functions changed considerably as well as implementing the transitional phase of the change to Individual Electoral Registration (IER) (as opposed to household registration) on 19<sup>th</sup> September, we provided registers for the European Parliamentary elections in May 2014, the Scottish Independence Referendum in September and 4 different by-elections to Argyll & Bute Council, throughout the year. The referendum involved the compilation of a young person's register of 16 and 17 year-old electors for the first time and registration activity in the run up to the event reached levels which could never have been predicted. For the first time in memory, the annual canvass, as we know it, was suspended to permit the transition to IER and the timing of this activity was postponed until after the referendum. Revised registers were published on 27<sup>th</sup> February 2015 in accordance with the revised timetable.

Following the resignation from Argyll & Bute Council of Councillor Fred Hall, Councillor Donald MacMillan was appointed to be a Joint Board member. Councillor MacMillan is a past Convenor of the Joint Board and his experience is very welcome. In September 2014 Councillor John Semple resigned from Argyll & Bute Council and his place on the Joint Board was taken, in December, by newly elected Councillor John Armour.

The VJB Management Team continues to be the main forum for decision making within the organisation. It met regularly throughout 2014/15 to manage statutory functions and operations, and develop, implement and monitor policies and strategies.

## **2.0 GENERAL PROGRESS IN RELATION TO STATUTORY FUNCTIONS**

### **2.1 NON-DOMESTIC RATING**

#### **Aims**

- To carry out a general revaluation, normally every 5 years, though the current government have delayed the next Revaluation until April 2017.
- To timeously compile and maintain the Valuation Roll in accordance with the relevant legislation, to take account of new properties, properties which should no longer be entered in the roll, properties which have been altered, changes to the parties shown in the Roll and other changes arising from statute or other decisions of the Courts.
- To issue Valuation Notices to the appropriate parties shown in the Valuation Roll.
- To improve upon the time taken between the date on which amendments to the Valuation Roll are effective and the date on which the Valuation Notice is issued.
- To publish the Valuation Roll, make it available to the rating authority, the Keeper of Records and other interested parties.
- To deal with appeals by discussion with ratepayers or their agents, or by hearing of appeals before the appropriate valuation appeal courts.

# DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS

## 2.1 NON-DOMESTIC RATING (Cont'd)

### Maintenance of the Valuation Roll

Throughout the year, professional and technical staff have been involved in the routine updating of the Valuation Roll to take account of additions, alterations and deletions. 950 amendments were made to the Valuation Roll during the year.

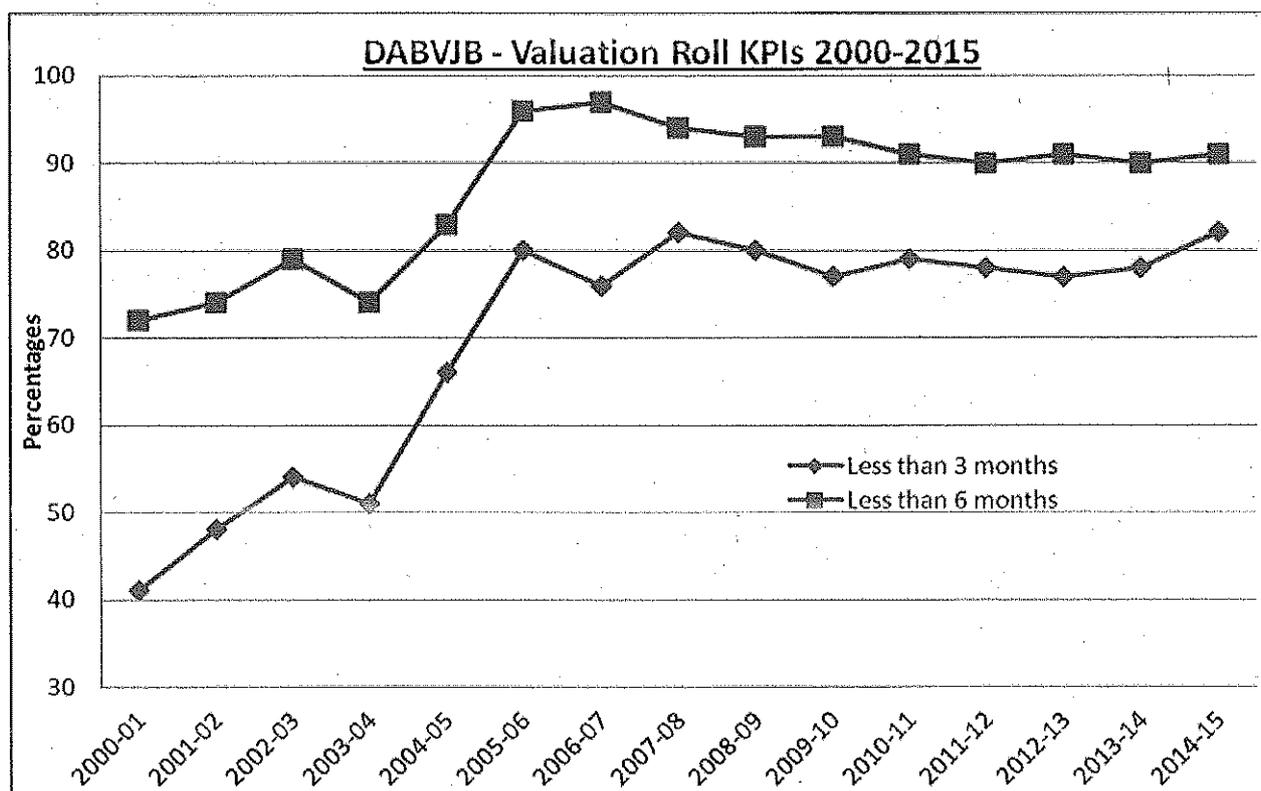
Total No of entries @ 1st April 2014	13,207
Total Rateable Value @ 1st April 2014	£328.2 million
Total Number of entries @ 31st March 2015	13,564
Total Rateable Value @ 31st March 2015	£328.7million

The Key Performance Indicator in relation to non-domestic valuation has been defined as the time taken from the date on which amendments to the Valuation Roll are effective to the date a Valuation Notice in respect of that change is issued. The following table sets out the target and actual performance information for 2014/15 compared with the actual figures for 2013/14.

Period	Actual 2013/14	Target 2014/15	Actual 2014/15			
			Argyll & Bute	West Dunbartonshire	East Dunbartonshire	Whole VJB Area
0-3 months	78%	80%	84.13%	76.74%	79.08%	82.32%
3-6 months	12%	14%	8.98%	8.53%	6.54%	8.52%
>6 months	10%	6%	6.89%	14.73%	14.38%	9.16%

Our performance in respect of maintenance of the Valuation Roll was up on last year and our target for changes within 3 months was exceeded. We did not achieve our target of making 94% of changes within 6 months but this was attributable, largely, to the requirement to amend Valuation Rolls late in the financial year to take effect to a decision of the Lands Valuation Appeal Court in respect of Mobile Telecommunication network entries.

Our performance over the period since 2000 is shown below.



# **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

## **2.1 NON-DOMESTIC RATING (Cont'd)**

During the year a new management report was introduced which will improve the focus on performance throughout the year.

### **2005 Revaluation**

The vast majority of Revaluation appeals had been disposed of by the statutory deadline of 31<sup>st</sup> December 2008. Four appeals, having been referred to the Lands Tribunal, were outstanding at the start of the 2014/15 year. Three appeals relating to Canal entries have now been agreed leaving only one appeal outstanding.

### **2005 Running Roll Appeals**

At the start of 2014/15, 39 'Running Roll' appeals were outstanding from the 2005 Valuation Roll.

The majority of these relate to entries for Mobile Telecommunication Networks. During 2013/14 the Lands Valuation Appeal Court heard 'sample' or 'lead' cases in respect of this category of subjects and their decision was issued in May 2014. Consequent to that decision 13 appeals have been dealt with during the year. It had been hoped that all of the appeals against this class of subject would have been dealt with in the financial year but appellants' agents have been strangely reluctant to conclude, or even commence, negotiations. Progress in relation to the outstanding appeal for a gas utility subject is dependent upon outcomes in England and Wales.

### **2010 Revaluation**

The 2010 Revaluation took effect from 1st April 2010.

### **2010 Revaluation Appeals**

A total of 3,391 appeals were received before 30<sup>th</sup> September 2010, which was the last date for submission of such appeals. The statutory requirement was that Revaluation appeals were disposed of by Valuation Appeal Committees prior to 31st December 2013 and, in line with the legislative requirement, these were all cited for hearing before 30<sup>th</sup> June 2013.

At the start of 2014/15, 46 Revaluation appeals were outstanding, all of which have been referred to the Lands Tribunal on the basis of their complexity, legal uncertainty or by virtue of them being subjects which extend beyond one council area. During the year, 5 Canal appeals were settled leaving 41 outstanding. Again the majority of these relate to Mobile Telecommunication Networks.

### **2010 Running Roll Appeals**

At the start of the 2014/15 financial year 189 running roll appeals were outstanding. During the year a further 223 appeals were submitted. 217 appeals were disposed of leaving 195 outstanding.

59 running roll appeals had been referred to the Lands Tribunal at the start of the year. 4 Canal appeals were settled during the year leaving 55 outstanding.

### **Scottish Government Consultation – "Supporting Business – Promoting Growth"**

The Government's response to the above Consultation, which was published in 2013, committed the Government to undertake a separate review of the appeals system. That consultation was issued in December 2014 and ran until 6<sup>th</sup> March 2015. The Scottish Assessors Association submitted a response to the consultation but, to date, the Government has not reported on the consultation outcomes or indicated any legislative intentions arising from it.

### **2017 Revaluation**

The 2017 Revaluation comes into effect on 1<sup>st</sup> April 2017 based on a valuation date of 1<sup>st</sup> April 2015, though it is likely that new values will be required by the Scottish Government in late summer/early autumn 2016. In preparation for this a Revaluation Project Team, which will be led by the Depute Assessor has been established and a timetable for delivery has been drawn up.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
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**2.2 COUNCIL TAX**

**Aims**

- To maintain the Valuation List in accordance with the relevant legislation, to take account of new properties, properties which should no longer be entered in the List, properties which have been altered and sold, and other changes arising from statute or other decisions of the Courts.
- To issue Banding Notices to the appropriate parties.
- To improve upon the time taken between the date on which amendments to the Valuation List are effective and the date the Banding Notice is issued.
- To publish the Valuation List, make it available to the billing authority, the Keeper of Records and other interested parties.
- To deal with proposals/appeals by discussion with ratepayers or their agents, or by hearing of appeals before the appropriate valuation appeal courts.
- To keep property records up to date to take account of alterations.

**Maintenance of Valuation List**

The year to 31st March 2014 saw a net increase in the number of dwellings shown in the Council Tax List.

Total Number of entries @ 1st April 2014	142,593
Additions during year to 31st March 2015	1,269
Deletions during year to 31st March 2015	678
Total Number of entries @ 31 <sup>st</sup> March 2015	143,184

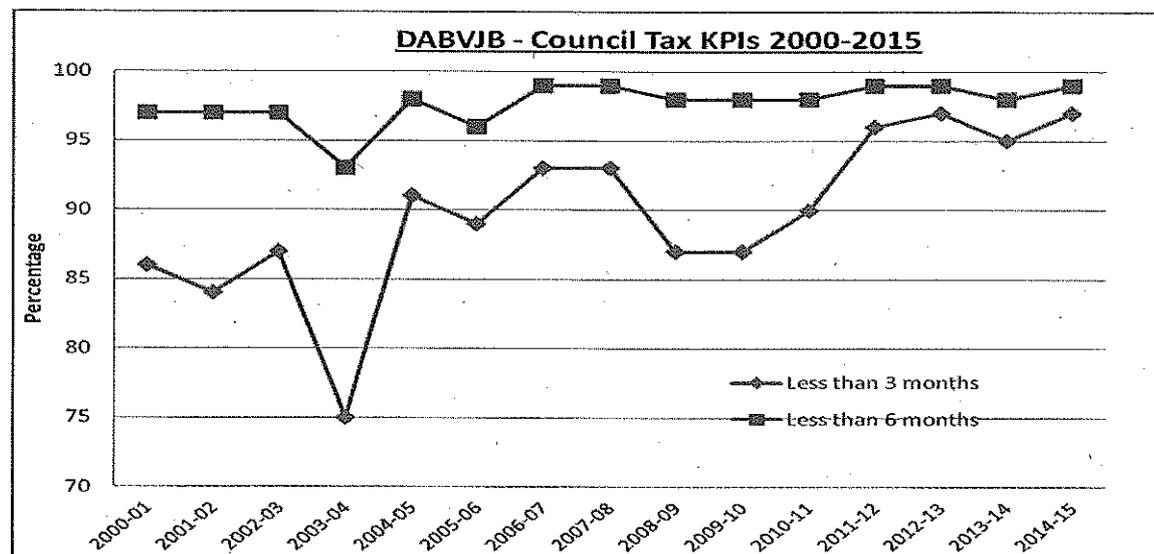
The Key Performance Indicator in relation to Council Tax has been defined as the time taken from the date on which additions to the Valuation List are effective to the date a Banding Notice in respect of that new entry is issued. The following table sets out the target and actual performance information for 2014/15 compared with the actual figures for 2013/14 and shows that our targets at both 3 and 6 months were achieved and our performance levels were up on the previous year.

Period	Actual 2013/14	Target 2014/15	Actual 2014/15			
			Argyll & Bute	West Dunbartonshire	East Dunbartonshire	Whole VJB Area
0-3 months	96%	95%	95.05%	97.25%	98.94%	97.01%
3-6 months	3%	3%	2.38%	2.75%	1.06%	1.97%
>6 months	1%	2%	2.57%	0.00%	0.00%	1.02%

# DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS

## 2.2 COUNCIL TAX (Cont'd)

The pattern of performance over a longer period is shown below.



### Proposals and Appeals

155 proposals and appeals were outstanding at the start of 2014/15 and 218 were submitted during the year. In the same period, 248 were disposed of, leaving 125 outstanding.

### Future of Council Tax

Shortly after the Scottish Independence Referendum, the new First Minister announced the setting up of a cross-party, independent Commission to 'look into fairer systems of local taxation'.

That Commission has now been established under the Co-Chairmanship of Local Government Minister Marco Biagi and President of COSLA Councillor David O'Neill. The remit of the Commission is "To identify and examine alternative systems of local taxation that would deliver a fairer system of local taxation to support the funding of services delivered by local government," and it is scheduled to report in 'the autumn' of 2015. The Scottish Assessors Association has been invited to assist in informing the Commission.

Clearly any move away from a property based taxation system represents a risk to the future operations and funding of the Joint Board.

## 2.3 ELECTORAL REGISTRATION

### Aims

- To timeously compile and maintain the Electoral Register in accordance with the relevant legislation.
- To deal promptly with all new applications to register under Rolling Registration.
- To deal with all claims and objections relating to the Register.
- To deal with applications for absent votes, collect and securely store Personal Identifiers and maintain relevant Absent Voters lists.
- To produce, and make available for sale, copies of the Electoral Register in accordance with statutory arrangements.
- To encourage Electoral Registration in the three constituent Council areas.
- To support the efficient running of elections within the Joint Board area.

## **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

### **2.3 ELECTORAL REGISTRATION (Cont'd)**

#### **Additional aims specific to 2014/15**

- To implement Individual Electoral Registration in accordance with statutory and project timetables and publish a register in accordance with the new criteria.
- To maintain the Young Person's Register and thereby, permit 16 and 17-year olds to take part in the Scottish Independence Referendum

#### **Transition to Individual Electoral Registration and the Published Electoral Register**

Putting aside the volumes of electoral activity related to the Scottish Independence Referendum (see later), the main initiative in Electoral Registration during 2014/15 was the introduction of Individual Electoral Registration (IER), whereby each person is responsible for registering to vote individually. In addition, people can now register to vote online for the first time.

The transition to IER in Scotland began in September 2014 with all applications received on or after the 19th September required to be made under the new regime. Applicants must now supply additional information, such as National Insurance Number and Date of Birth when making their applications.

The annual canvass as we know it was suspended following the commencement of IER in September and replaced by various transitional activities, known as the 'write-out'.

The first phase of the transition to IER involved a data matching exercise to compare existing electors' details with the details held on the Department for Work and Pensions (DWP) database – a process known as 'confirmation live run' (CLR).

Through the CLR process, we were able to identify which electors could be transferred automatically to the new IER registers, and which ones could not and therefore need to re-register. To supplement this automated transfer we also able to carried out further data matching using local data sources. The results of our data matching (both CLR and local) are shown below.

<b>Local Authority</b>	<b>Register Entries</b>	<b>Confirmed</b>	<b>Non-confirmed</b>	<b>Confirmed</b>	<b>Non-confirmed</b>
Argyll & Bute	70,860	59,776	11,084	84%	16%
East Dunbartonshire	85,615	75,870	9,745	89%	11%
West Dunbartonshire	70,185	62,044	8,141	88%	12%
<b>VJB Area</b>	<b>226,660</b>	<b>197,690</b>	<b>28,970</b>	<b>87.2%</b>	<b>12.8%</b>
All Scotland	4,234,203	3,644,029	590,174	86%	14%

Following the confirmation process, the 'write-out' phase of the transition commenced. We sent confirmation letters to those who had been confirmed and so automatically transferred onto the new IER registers and invitations to register (ITRs) to those who had not. Household Enquiry Forms (HEFs) were issued to homes where no electors were registered. Follow-up activity included the issue of ITRs in response to returned HEFs, reminder ITRs and door-to-door canvass where no returns had been made to reminders.

Form returns were significantly down on previous years making the reminder and door-to-door stages of the process much more onerous than in previous years. Unfortunately, automated responses via telephone, internet and short message service/text reply to household forms were not available to electors during the transition to IER, which probably partly explains why return rates were down.

Despite the above, the 'write-out' phase was completed on schedule and the statutory deadline in relation to the publication of the Electoral Registers by 1<sup>st</sup> March 2015 was achieved.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
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**2.3 ELECTORAL REGISTRATION (Cont'd)**

A summary of the 'write-out' activity is provided below:-

Local Authority	Invitations to Register			Household Enquiry Forms	
	Issued	Reminders Issued	Postal Returns*	Issued	Postal Returns*
Argyll & Bute	10,970	7,013	8004	10,367	3,137
East Dunbartonshire	9,669	6,528	6543	2,640	415
West Dunbartonshire	8,084	5,824	5013	5,232	529
<b>VJB Area</b>	<b>28,723</b>	<b>19,365</b>	<b>19,560</b>	<b>18,239</b>	<b>4,081</b>

\* Note that these return figures are at the end of the door to door canvass activity (see below) and include those returned as a result of door knocking.

Following the initial write-out and issue of a postal reminder we commenced a door-to door canvass as required by statute. The door to door canvass also included follow-up arising from maintenance activity and a summary of the door-to-door canvass is provided below. In total 19,578 households were visited during the door knocking stage.

Local Authority	Invitations to Register			Household Enquiry Forms		
	Individuals Canvassed	Returns	Return (%)	Households Canvassed	Returns	Return (%)
Argyll & Bute	5,840	2,447	42%	2,958	858	29%
East Dunbartonshire	5,235	1,489	28%	1,713	341	20%
West Dunbartonshire	5,230	1,814	35%	3,941	595	15%
<b>VJB Area</b>	<b>16,305</b>	<b>5,750</b>	<b>35%</b>	<b>8,612</b>	<b>1,794</b>	<b>21%</b>

The number of changes to the Register during the 2014/15 canvass period was as follows: -

Elector Additions	6,833
Elector Deletions	7,850
Total Electorate @ 27 <sup>th</sup> February 2015	223,594

The total electorate figure at 27<sup>th</sup> February shows a continuing rise in the number of electors contained in the published register from the low point in 2009 – see below.

Year	No of Electors
2014/15	223,594
2013/14	221,453
2012	219,117
2011	217,065
2010	216,433
2009	215,460
2008	216,241
2007	218,875
2006	218,399
2005	217,559

Electors who were on the register at 19<sup>th</sup> September, but who made no return during the write-out phase are not registered individually but they will not be removed from the register as a result of the change to the legislation until the transition to IER is complete. They were simply 'carried forward' into the register published on 27<sup>th</sup> February.

## **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

### **2.3 ELECTORAL REGISTRATION (Cont'd)**

The numbers of 'carried forward' or 'retained' electors in the published registers were as shown below:-

<b>Local Authority</b>	<b>Retained electors</b>
Argyll & Bute	2,966
East Dunbartonshire	3,126
West Dunbartonshire	3,098
<b>VJB Area</b>	<b>9,190</b>

These electors have, however, lost their right to an absent vote until such times as they register individually. If no return has been received by such electors at the end of transition they will be removed from the register. The legislative 'back-stop' for the end of transition is December 2016 but current intentions are that it will be at the point of publication on 1<sup>st</sup> December 2015. Thus the total electorate could be affected by the change later in the year.

The full Electoral Register can only be provided for certain limited statutory purposes, while the 'Open Register' (also known as the 'Edited Register') can be sold to anyone for any purpose. Previously, electors had to advise the Electoral Registration Officer annually if they wished their name to be removed from the open version. Under IER, however, electors who opt-out from the Open Register will remain opted out until they advise the ERO accordingly or they re-apply to be registered. At the end of the 'write-out' the number of opted-out electors was as follows:-

<b>Year</b>	<b>% age of Electors Opted out</b>
2014/15	26.0%
2013/14	13.5%
2012	19.5%
2011	21.0%
2010	27.2%
2009	25.3%
2008	21.7%
2007	13.4%
2006	17.3%
2005	8.4%
2004	7.3%

Following the write-out, and on the recommendation of the Cabinet Office, each household was sent a Household Notification Letter (HNL) advising them of the electors registered at publication and inviting them to advise us of any changes. This did lead to an increase in enquiries and contacts from electors and has helped improve the accuracy of the registers in the run up to the UK Parliamentary election.

#### **Absent Voters**

In recent years the general trend in numbers of absent voters has been upwards. That pattern was interrupted in 2013/14 when a statutory requirement to refresh absent voters' personal identifiers (signatures and dates of birth) resulted in a fall in the number of absent voters in the register.

## **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

### **2.2 ELECTORAL REGISTRATION (Cont'd)**

The activity around the Independence Referendum and the write-out have, however, increased the numbers of Absent Voters to record levels – see below.

<b>Year</b>	<b>No of Absent Voters</b>
2015	34,525
2014	27,176
2012	29,501
2011	29,076
2010	27,365
2009	24,899
2008	23,095

#### **Rolling Registration**

The Rolling Registration process of dealing with applications for changes to the Register was formerly an activity which primarily took place outwith the canvass period. In the period between publication in March 2014 and the suspension of Rolling Registration the number of changes processed were as follows:-

<b>Local Authority</b>	<b>Additions</b>	<b>Deletions</b>
Argyll & Bute	5,069	3,498
East Dunbartonshire	4,580	2,495
West Dunbartonshire	4,502	2,525
<b>VJB Area</b>	<b>14,151</b>	<b>8,518</b>

The majority of these changes were affected in the updates immediately prior to the independence referendum.

The nature of IER requires a pro-active approach to change throughout the year and we have continued to use sources such as Council Taxpayer records to initiate the issue of ITRs. With ITRs also being simultaneously issued for the purposes of the write-out it is increasingly difficult to distinguish change arising from the two processes.

#### **Electoral Performance**

The Electoral Administration Act 2006 (EAA) gave the Electoral Commission powers to set standards of performance for EROs, Returning Officers (ROs) and Referendum Counting Officers (RCOs) in Great Britain.

As part of the preparations for IER, and after several years of providing both a self-assessment of performance across 10 areas of operation and a suite of outcome based statistics, the Electoral Commission (EC) devised two new performance standards related to the transition.

Performance Standard 1 required EROs to illustrate that they understood the challenges in their registration areas and that they has developed a plan for engaging with residents which responded to these challenges. Standard 2 required EROs to deliver an implementation plan and monitor progress to allow changes to be made along the way.

In October 2013 the VJB made our submission under the first of these and the Commission responded to the effect that they were pleased to see that we had used the data from the IER confirmation dry run (see below) to plan activities which will address our local challenges and concerns.

To date, however, no assessment has been completed as to progress against Standard 2, though a whole suite of statistics were provided to assist the EC in their assessment of the implementation of IER following publication. It is understood that the EC is currently reviewing both the options for future performance reporting and the capability of electoral management systems to provide relevant data outputs.

# **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

## **2.3 ELECTORAL REGISTRATION (Cont'd)**

### **Elections and Independence Referendum**

Registers and associated lists and data were provided to Returning Officers for the European Parliamentary elections on 22 May 2014 and to Counting Officers for the Scottish Independence Referendum (SIR) on 18 September 2014.

Registers were also provided for 4 local by-elections in Argyll & Bute Council on 22 May, 17 July, 23 October and 11<sup>th</sup> December.

These electoral events all take a significant amount of planning and co-ordination with the Returning/ Counting Officers and each increases workload for our staff.

The SIR in particular resulted in unprecedented registration activity with 8,078 of the Additions and 2,510 of the deletions referred to above being processed in the September updates. The total electorate for the referendum was 229,986, including eligible 16 and 17 year-olds. Applications for absent and proxy votes were also submitted at never before seen levels. The Absent Voter lists for the event increased to 38,930.

The workload involved in preparing registers for this event presented immense, and unprecedented, challenges to our staff and the event was subject to intense media and other scrutiny. It was due only to the skill and effort of our staff, which were beyond what anyone could have reasonably asked, that the polling station registers and postal voters' data was supplied to the local Counting Officers in line with the agreed timetable. The staff made a tremendous effort in terms of planning, and commitment to voters, for which I am extremely grateful.

Electoral events tend to be good tests of the completeness and accuracy of the registers and, workloads aside, I am pleased to report that these elections generally proceeded without problems of any significance arising.

### **Review of Electoral Operations**

The implementation of IER is one of the biggest changes to the electoral system in many years. So far it has required changes to all operational procedures and processes, multiple versions of updated electoral management systems and consequently training in legislative, procedural and IT systems. Thus, following the end of the write-out we initiated a review of how these changes affect our operations and staffing requirements. This review will conclude after the preparations for the UK Parliamentary elections have been completed and will be implemented in 2015/16.

It is also much more expensive to operate than traditional registration. To date, the Cabinet Office has provided direct funding for many of the additional costs but their grant funding for 2015/16 falls short of the expected requirement and no commitment to fund IER has been made beyond March 2016. Particularly in the face of tightening local government budgets, the additional costs of IER present an ongoing and significant risk to both service provision and the finances of the Valuation Joint Board.

### **Extension of Franchise**

The Smith Commission report published at the end of November 2014 stated that:

*"The parties call on the UK Parliament to devolve the relevant powers in sufficient time to allow the Scottish Parliament to extend the franchise to 16 and 17 year olds for the 2016 Scottish Parliament elections, should the Scottish Parliament wish to do so."*

Subsequent to the report, the Scottish and UK Governments entered into a period of negotiation around the terms of the transfer of powers. The content of the Scotland Act 1998 (Modification of Schedules 4 and 5 and Transfer of Functions to the Scottish Ministers etc) Order which came into force on 20 March 2015 reflects those discussions.

## **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

### **2.3 ELECTORAL REGISTRATION (Cont'd)**

The Scottish Government also published the draft Scottish Elections (Reduction of Voting Age) Bill with the intention of expediting its passage to assent before the summer recess of the Parliament. The intention is to enable EROs to collect the data of relevant young persons during the 2015 canvass and to allow them to vote at the Scottish Parliamentary election in May 2016. This will, of course require, more planning, IT system development and training to take place in the coming months. Further, the planned date of the 2015 canvass has been pushed back to allow the relevant legislation to be passed and the IT systems developments to be implemented.

### **3.0 GENERAL PROGRESS IN RELATION TO OTHER MATTERS**

#### **3.1 INFORMATION AND COMMUNICATIONS TECHNOLOGY**

##### **IT and Computer Provision**

Computers and IT systems continue to be maintained and upgraded as required to meet operational needs and in accordance with the recommendations from West Dunbartonshire Council's ICT Service. During the year we purchased PCs/laptops to replace obsolete devices and upgraded to wide screen monitors for all operators of the EROS electoral management system. Additionally, we replaced the server upon which the EROS EMS resides and, as required by the suppliers, migrated to a SQL based database.

Uncertainties relating to the WDC ICT 'Modernisation Programme' and the roll out of 21CN broadband network to Campbeltown have further delayed us from addressing our communications problems in Campbeltown. As the year ended the issue had reached an almost critical level but with further broadband lines and a new device required for the aggregation of these on order, we will look to address the problem very early in 2015/16.

Our Electoral Management System had numerous upgrades applied to provide the functionality required for both IER and the extension of the franchise for the Scottish Independence Referendum. The late delivery of the required, critical, upgrades meant that we had to 'go-live' with IER on 19<sup>th</sup> September without proper testing of the system or having any proper opportunity to investigate how it fitted in with legislation and operations. Although the circumstances leading to this are well known and understood, it was far from ideal to be in the situation. Again, thanks are due to all the relevant staff for applying themselves in difficult circumstances. The system continues to be updated as customers provide feedback on potential improvements and further change will be required to facilitate the extension of the franchise for Scottish Parliamentary and Local Government elections during 2015/16.

A revised IT Strategy for the Valuation Joint Board was drafted during the year and it is expected that it will be presented to the Joint Board for approval in June 2015.

##### **Scottish Assessors Association Web Site**

Throughout the year, staff continued to actively participate in the project's Management Committee, Project Team and Working Group to enhance the SAA web portal ([www.saa.gov.uk](http://www.saa.gov.uk)) which provides single point access to Valuation Roll, Council Tax List and Electoral Registration information on an all-Scotland basis.

The major development during 2014/15 was to implement a suite of data improvements to assist the Scottish Government's analysis of Scotland-wide Valuation Roll data. Funded by the Scottish Government, the development and population of the required fields were delivered by the project target date of 31<sup>st</sup> March.

#### **3.2 EQUALITIES**

The Joint Board's Management Team is committed to the equalities agenda.

The Equality Act 2010 replaced the former duties in respect of race, disability and gender with a new single equality duty covering the protected characteristics of race, sex, disability, sexual orientation, religion and belief, age, gender reassignment and pregnancy and maternity.

## **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

### **3.2 EQUALITIES (Cont'd)**

Arising from the Specific duties which were subsequently established by the Scottish Government, a "Public Sector Equalities Duty" document which:-

- Reported on our progress in relation to 'Mainstreaming' our equalities duties.
- Reported on various staffing matters as they apply to the protected characteristics, and
- Identified the Board's Equality Outcomes

The document stated our intended 'Outcomes' to be:-

- To increase the representation of men and women in roles where gender segregation is evident.
- To maximise opportunities for young people to enter the workforce.

Despite having developed these Outcomes in consultation with colleague Assessors and the Equality and Human Rights Commission (EHRC), the Commission invited the Joint Board to participate in the Improving Equality Outcomes Project in May 2014. The aim of the project was to support 52 public authorities to improve their equality outcomes and, through them, the outcomes for their service users. Following an extended period of consultation with the EHRC the Board approved and published revised 'Outcomes' as follows:-

- We are seen as an inclusive equal opportunities employer where all staff feel valued and respected
- Our Services meet the needs of, and are accessible to, all member of our community and our staff treat all service users, clients and colleagues with dignity and respect

Monitoring procedures have been put in place to allow us to report on progress towards achieving these Outcomes and a statutory Equalities Report will be published in late April.

### **3.3 STAFFING MATTERS**

#### **Development and Training**

In June 2014 the Joint Board approved and implemented a Policy and Procedure on Individual Performance Management for Senior Officers with the aims of:-

- Optimising performance effectiveness within a framework of competency, skills, and behaviours.
- Identifying and addressing issues of under-performance at the earliest opportunity and to identify and agree an Action Plan for improvement
- Providing a framework for continuing personal and professional development

The Board's existing Staff Development and Training procedures remain unchanged by the above and they provide for a structured and strategic provision of training and development opportunities. Each member of staff reviews their training needs with their line manager on an annual basis and the resultant Training and Development Plan is used to inform the provision of training throughout the year.

In 2014/15 training was provided through externally sourced courses, in-house training events and e-learning facilities in subjects as diverse as preparations for Individual Electoral Registration, Attendance Management, Equalities, Analysis of Construction Costs, Telecommunications Networks and valuation of Historic Buildings and Visitor Attractions. One member of staff passed the RICS Assessment of Professional Competence and a further trainee is due to present in May 2015. Formal external training is ongoing for two Trainee Valuers and one Trainee Technician.

The Depute Assessor underwent training to allow him to sit on the RICS Assessment of Professional Competence panel. Two members of the Management Team passed the Association of Electoral Administrators' Certificate course. Equalities training included a refresher for all staff on the Language Line Translation service to which the Board subscribes.

## **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

### **3.3 STAFFING MATTERS (Cont'd)**

#### **Personnel Policies**

In June 2014 the Joint Board approved a new Right to Request Flexible Working Policy. In line with the requirements of The Children and Families Act 2014, the policy extended the statutory right to be able to make an application for Flexible Working to all employees with a minimum of 26 weeks continuous service. As referred to above, the Joint Board approved and implemented a Policy and Procedure on Individual Performance Management for Senior Officers.

As the year came to a conclusion a review of the Joint Board's Pensions Discretion Policy was under way, in line with the provisions of the Local Government Pension Scheme - Career Average Re-valued Earnings Pension Scheme which was introduced for staff members as at 1<sup>st</sup> April 2015.

#### **Extra Mile Award**

To encourage staff to contribute to improvement initiatives and to recognise examples of where staff had displayed commitment, application or innovation, the Joint Board operates an 'Extra Mile Award'. Wendy McKinnon was selected for the 2014/15 award for her hard work in preparing for, and excellent feedback from presenting, IER training.

### **3.4 FREEDOM OF INFORMATION**

In May 2013, a 'Guide to Information' along with an application to adopt the Model Publication Scheme for local government was submitted to the Scottish Information Commissioner for both the Assessor & ERO and the Joint Board. These documents commit us to publication of an enhanced range of documents and information, most of which can be accessed from <http://www.dab-vjb.gov.uk/freedom-of-information/>.

A 'business as usual' approach has been taken to the majority of requests for information received, but in the calendar year to December 2014, only 4 requests which specifically referred to the Freedom of Information Act were received. All were answered within the statutory timescales with the average response time being less than 5 days. Two requests were received relating to Electoral Registration, a function which is not currently covered under the FOI legislation. However in the spirit of applying best practice these requests were responded to, in full, as if they had been covered by the legislation.

Two requests related to Non-domestic rating valuation. In one instance the requested information was not held and in the other the requester was directed to the SAA website and was content that the available information satisfied his request.

Dealing with such requests took circa 8 hours of staff time and no fees were charged.

In line with a request from the Information Commissioner, we now provide quarterly statistics on requests received and their outcomes.

### **3.5 PARTNERSHIPS**

The Valuation Joint Board is actively involved in several partnerships with one of the most significant of these being the senior staff's membership of the Scottish Assessors' Association. The Association is constituted to facilitate a consistency of approach in the administration of the non-domestic rating valuation, council tax and electoral registration services across Scotland. It works through a series of Committees and associated Working Groups, which report to regular plenary sessions that are attended by representatives from all Assessors' offices. During 2014/15 I served, as Past President, on the Executive Committee of the Association.

## **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

### **3.5 PARTNERSHIPS (Cont'd)**

Valuation Joint Board staff are represented in the Association in all of its Category Committees, in working groups and as authors of Practice Notes which are used to implement all-Scotland approaches to the valuation of various subject types. The co-operation and co-ordination of the Association is of critical importance in the completion, and defence, of a Revaluation.

During 2014/15 the Association was involved in consultations relating to legislation, guidance and process design for Individual Electoral Registration and, in the latter part of the year, the extension to the franchise for Scottish Parliamentary and Local Government elections. The Association made consultation responses to the Scottish Government on the NDR appeals system and on proposals for Land Reform. Early discussions have also taken place with the officials supporting the Commission on Local Tax Reform. Liaison between the SAA Executive Committee and various Scottish Government officials/departments is regular.

The SAA also continued to liaise with the Valuation Office Agency (VOA) in England and Wales, the Northern Ireland Land & Property Services Agency (NILPS) and the Republic of Ireland Valuation Office (IVO) in matters of common interest.

The planning for, and provision of, Electoral Registration services is assisted by guidance received from the Electoral Commission and by representation within the Electoral Management Board and the Association of Electoral Administrators. The ongoing implementation of IER towards 'Business as Usual' will only be achieved through close working with the Cabinet Office Electoral Registration Transformation Project Team. The Valuation Joint Board procures all of its 'back-office' functions including human resources, legal support, ICT support and financial services from West Dunbartonshire Council.

### **3.6 BEST VALUE**

#### **Key Performance Indicators and Public Performance Reporting**

Performance in respect of Valuation Roll and Council Tax Key Performance Indicators is reported above. Our 2013/14 Public Performance Report was published during 2014/15 on our web site ([www.dab-vjb.gov.uk](http://www.dab-vjb.gov.uk)).

#### **Performance Management and Planning**

The Management Team continues to be the main forum for planning and management of performance. In accordance with our Performance and Management Planning process, the following improvement actions were taken, or were ongoing, during 2014/15:-

- A new 3-year Service Plan for the period 2014 – 2017 and an Annual Service Calendar for 2014/15 were approved by the Valuation Joint Board in June 2014. The Management Team regularly reviews progress against these plans. Further, an interim update to the Service Plan was drafted during the year and will be presented to the Joint Board for approval in June 2015.
- A collated Audit Action Plan was amended to include the recommendations of the 2013/14 external audit. An internal audit of the Board's Valuation Roll and Council Tax Valuation List maintenance procedures was completed during the year. The audit concluded that the systems examined were working effectively and noted that no adverse points arose during the audit review. The collated Audit Action Plan is regularly reviewed by the Management Team to reflect actions taken.
- Further to a suggestion made at the Joint Board meeting in June 2014, the Management Team reviewed its approach to recording and reporting risk. A newly formatted 'Board Risk Register' will be presented to the Board for approval in June. An Operational Risk Register has been completed and a Risk Action List will be used by the Management Team to regularly review risks and actions taken.
- A new Complaints Procedure, in line with the Scottish Public Ombudsman's Model Complaints Procedure, was approved by the Joint Board in November 2012, though practical implementation took effect on 1<sup>st</sup> April 2013.
- A newly formatted Statement of Assurance was provided to support the audit of the 2013/14 accounts.
- A new Performance Management and Development Planning Procedure was approved and implemented for Senior Officers.
- A Revised Strategy for the Prevention and Detection of Fraud and Corruption was approved by the Board in November 2014.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**3.6 BEST VALUE (Cont'd)**

**Performance Management and Planning (Cont'd)**

- New methods of monitoring Non Domestic changes and Council Tax new entries were introduced.
- Core training introduced for all members of staff.

The above represent real commitments to the Best Value regime and to continuous improvement. The current financial restrictions have imparted an efficiency driven ethos in many of our operations, but we will continue to strive to provide improving services.

**Risk Management**

The Joint Board's Risk Register and Action Plan are revised annually and, as referred to above, a new format has been devised. Inclusions in the Board Risk Register during the year were:-

- The potential for the Joint Board or its statutory officials to fail to meet our statutory duties
- The various financial risks associated with the current economic and funding climate.
- The risks in relation to the ongoing implementation of IER.
- The potential to lose one or more of our statutory functions.
- The risks associated with delivering the extension of the franchise.
- The probable loss of the file storage facility at Witchburn Road, Campbeltown.

All risks have planned actions to mitigate or minimise the risk and progress against the actions is regularly monitored at Management Team meetings.

**Customer Satisfaction**

For some years now, recent users of the Joint Board's services have been randomly sampled and issued with questionnaires to seek their perception of the service provided to them. A summary of the results is provided over. These show that:-

- By far the majority of our stakeholders (99%) find us professional, courteous and helpful.
- 67% of queries or transactions are completed at the first point of contact and only 3% of matters are not concluded to the satisfaction of the stakeholder.
- Most users of Joint Board services (97%) are satisfied with the information and/or advice provided to them.
- Very high satisfaction levels are being maintained on a year-to-year basis.

**Customer Satisfaction**

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Survey Return Rate	28%	25%	25%	23%	28%	27%	21%
Was the person with whom you communicated professional, courteous and helpful?	97%	97%	98%	98%	97%	98%	99%
Was the matter brought to a satisfactory conclusion immediately?	58%	62%	58%	62%	58%	55%	67%
Was the matter brought to a satisfactory conclusion?	95%	98%	97%	98%	98%	96%	97%
Are you satisfied with the quality of the information or advice given to you?	95%	96%	96%	96%	96%	96%	97%

## **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

### **3.6 BEST VALUE (Cont'd)**

#### **Customer Satisfaction (Cont'd)**

Perhaps the one concern in this year's results is that the response rate dropped to a new low and we will consider ways of improving this in our annual review of the process.

No Customer Satisfaction forms were requested in alternative languages, Braille or other formats. A breakdown of the returns which indicated the relevant protected characteristics is shown below.

<b>Characteristic</b>	<b>Category</b>	<b>Percentage</b>
Race	White	96.6%
	Non-white	3.4%
Gender	Male	48.8%
	Female	51.2%
Disability	Disabled	7.9%
	Able-bodied	92.1%
Sexual orientation	Heterosexual	96.4%
	Other	3.6%
Marital status	Married	57.3%
	Never Married	18.1%
	Other	24.6%
Age	16-21	0.9%
	22-30	8.1%
	31-40	15.2%
	41-50	16.6%
	51-60	24.2%
	61-65	13.0%
	66-70	10.8%
	70+	11.2%

Sample sizes within the various equalities groups were clearly too small to draw firm conclusions and in some cases the information proved to be contradictory. The results will be monitored further to ensure that we are carrying out our functions in a fair and equal manner.

#### **Complaints Procedure**

In November 2012, the Joint Board approved a new Complaints Procedure which was in line with the Public Sector Ombudsman's Model Complaints Handling Procedure.

There were a total of 21 Complaints received during 2014/15 with 20 relating to Electoral Registration and 1 relating to a Non-domestic Rating survey.

#### **Customer Satisfaction**

18 complaints were resolved at the frontline resolution stage with 3 being escalated to the Investigation stage. One of the three investigations was abandoned due to lack of information and contact from the complainant. Recurring themes are shown below along with the Board's reaction.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**3.6 BEST VALUE (Cont'd)**

**Customer Satisfaction (Cont'd)**

<b>Theme of complaint</b>	<b>Reaction</b>	<b>Learning Points/Actions</b>
Receipt and wording of formal 'Review' letters.	These letters must be sent to electors where the ERO has some information which suggests that the person is no longer eligible to be registered at that address.	Both the procedures for interpreting external sources of information and the wording of Review letters have been reviewed. These will remain under constant review whilst IER beds in.
Election/Referendum Timetable issues – applications received too late or not at all.	Our experience is largely that the electors have failed to ensure that the relevant application has been properly and timeously submitted to us	Continue to review publicity around cut-off dates.
Documentary evidence requested of electors who are already on the register.	This is an absolute requirement of IER where individuals have failed to be matched to DWP data.	Potential to review the request letter and advice given but requirement to provide documentary evidence cannot be changed.
Unavailability of Absent/Proxy/Emergency proxy votes	Some of these refer back to timetable issues – see above. Others simply refer to the application not complying with legislative requirements	Again, little can be changed or learned from these types of complaints.
Electors name appears on the Open (formerly Edited) Register	These tend to arise as result of the failure of the elector to take the action required to opt-out.	The ability to react to these complaints is restricted by the fact that forms issued to electors/potential electors are prescribed.

There were no referrals to the Scottish Public Sector Ombudsman.

**Audit**

During the year, the final 2013/14 accounts of the Valuation Joint Board were subject to External Audit by Audit Scotland. The external auditor's Annual Audit report gave an unqualified opinion on the financial statements for the year to 31<sup>st</sup> March 2014.

The report did identify that the non-current assets held by the Board (being the properties on Dumbarton Road, Clydebank and Kilbrannan House, Campbeltown) had not been revalued in line with the Code of Practice on Local Authority Accounting. The Code states that "Valuations shall be carried out at intervals of no more than five years", however such a valuation had not taken place within this designated timescale.

Both assets were revalued in August 2014 resulting in a reduction in their net book value and the financial statements were adjusted to reflect this.

During the early months of 2015, Internal Audit carried out a review of our Valuation Roll and Council Tax Valuation List maintenance procedures. The Auditors Report concluded that the systems examined were working effectively and no adverse points arose during the review.

The finances of the Joint Board for 2014/15 will be audited by Audit Scotland who completed initial investigations into systems, including governance, during the year. An Audit Plan was completed which identified the main areas where they will direct scrutiny. These checks will test the extent to which:-

- Controls are in place to ensure that management cannot override financial controls
- The Joint Board complies with the requirements of the new Local Authority Accounts (Scotland) Regulations 2014.

The auditors will report on these investigations in their Auditor's Report.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**3.6 BEST VALUE (Cont'd)**

**Financial Performance**

**Comprehensive Income and Expenditure Statement**

This account covers the day to day operational expenditure of the Joint Board and is shown on page 33 of the Annual Accounts. The table below is a summary of the Joint Board's financial position at 31 March 2015.

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Employee Costs	2,189,087	2,167,983	21,104
Property Costs	127,260	113,479	13,781
Transport Costs	40,000	49,190	(9,190)
Supplies & Services	355,481	312,872	42,609
Payment to Other Bodies	35,000	26,608	8,392
Support Services	136,055	136,252	(197)
Other Costs (Interest)	(100)	(24)	(76)
<b>Total Expenditure</b>	<b>2,882,783</b>	<b>2,806,360</b>	<b>76,423</b>
Requisition Income	2,664,460	2,664,460	0
Grant Income	143,200	241,386	98,186
Rental Income	24,878	25,104	226
Sales, Fees & Charges	1,500	1,159	(341)
<b>Total Income</b>	<b>2,834,038</b>	<b>2,932,109</b>	<b>98,071</b>
<b>(Surplus)/Deficit for the year</b>	<b>48,745</b>	<b>(125,749)</b>	<b>(174,494)</b>

The Joint Board returned a surplus of £125,749 for the financial year 2014/15, compared to a budgeted position which anticipated a planned deficit of £48,745 to be funded from reserves. This surplus figure excludes accounting adjustments relating to depreciation, pensions and accrued employee benefits.

The difference between the employee costs figure and the figure reported in the Comprehensive Income & Expenditure Statement is due to accounting adjustments for pensions (£145,000) and holiday pay accrual (-£1,775) these costs are year end adjustments that are offset by corresponding transfers to the Balance Sheet and the Movement in Reserves Statement.

The main budget variances are showing below:-

	<b>Variance</b>	<b>Comments</b>
	<b>£</b>	
Employee Costs	21,104	This underspend is mainly due to delaying and non filling of vacancies; overtime costs were lower than anticipated.
Property	13,781	This underspend is mainly due to lower than anticipated expenditure on energy and repairs and maintenance.
Supplies & Services	42,609	This underspend is across a number of headings (such as office & computer equipment, computer licences, telephones, courses & conferences).
Income	98,071	Grant income was more than anticipated.

## **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

### **3.6 BEST VALUE (Cont'd)**

#### **Financial Performance (Cont'd)**

##### **Balance Sheet**

The balance sheet is shown on page 34 and features an assessed pension fund liability of £6.115m based on the valuation of the fund at 31 March 2015. This results in the Board's Balance Sheet showing a net liabilities position. Further information on the pension fund is provided in note 3 on pages 44 to 48 the valuation states that assets held at the valuation date were sufficient to cover only 73% of the accrued liabilities. It is considered appropriate that the Annual Accounts should follow a 'going concern' basis of accounting. Statutory arrangements with the constituent local authorities mean that the financial position of the Board remains assured.

The pension scheme net liability has increased by £1.571m as advised by the appointed actuaries. The appointed actuaries remain of the view that the asset holdings of Strathclyde Pension Scheme and the contributions from employees and employers together with planned increases in employer' contributions provide sufficient security and income to meet future pension liabilities.

##### **General Reserves**

At their Board meeting on the 16 November 2012, the Board approved a Balance and Reserves Policy. The Board's Prudential Reserves Policy is to retain a prudential target of 2% of net expenditure i.e. constituent authority requisition level (14/15 £53,289) or £100,000, whichever is higher.

Funds held in excess of the prudential target can be spent or earmarked at the discretion of Board Members on behalf of the constituent authorities.

As at 31 March 2015 the Board held total usable reserves of £646,893 (of which £50,550 relates to unapplied capital reserves) with the remaining balance comprising revenue reserves of £596,343. A proportion of this is identified as an earmarked balance (£83,333) and once this has been accounted for leaves £513,010 of general reserves for future use (including £100,000 prudential reserve above).

The Joint Board recognises the difficult financial climate facing public services and has continued to seek efficiencies where possible. This allowed the Board to maintain requisition levels in 2014/15 at 2013/14 levels. It is anticipated that future planned draws on the reserves may be required to ensure that a balanced budget is delivered for 2015/16 onwards given the forecast reduction in funding for local government and the increasing workload to the Board.

##### **Provisions and Contingencies**

The Joint Board is not aware of any eventualities which may have a material effect on the financial position of the Joint Board, and has made no provisions for such eventualities.

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

There were no changes to the statutory functions the Board undertakes, however the Board is aware of the impact of Individual Electoral Registration and has planned accordingly.

##### **Group Annual Accounts**

The Joint Board has been determined to have an "associate" relationship with each of its constituent authorities and, as such, the Joint Board's results have been consolidated into each authority's group income and expenditure Annual Accounts.

# **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

## **4.0 CONCLUSION**

2014/15 was a year of intense activity and significant change within the Joint Board. The move to IER combined with the European Parliamentary Election, the Scottish Independence Referendum, four By-elections and planning for the UK Parliamentary Election meant that our electoral functions and management resources were stretched like never before.

The volumes of registration activity around the referendum were unprecedented. The register was swollen as young persons and the previously unengaged registered to have their say and the demand for postal votes, proxy votes and emergency proxy votes was higher than ever. The volumes of activity did, however, expose areas where the electoral system can come under pressure – pressure which will only be exacerbated by the introduction of the requirement to verify the identity of applicants to the register under IER. The UK Parliamentary Election in May will be the first test of systems and processes following the recent changes.

In light of the above pressures, the previous decision by Ministers to postpone the Non-domestic Revaluation until April 2017 was welcomed. Maintenance work in respect of Valuation Rolls continued, however, with performance levels up on last year. The year ended with processes for delivering the 2017 Revaluation getting under way and this is a major task will require the application of a very significant level of resource in the coming months.

Maintenance of Council Tax Lists also continued, again with performance levels being improved upon. The establishment of a Commission on Local Tax Reform does introduce significant doubt into the long term future of the Council Tax system, at least as it currently is, and input into both the Commission and any subsequent system design and legislation will likely require significant resource moving forward.

I would like to take this opportunity to thank all staff and management for their endeavour, effort, co-operation and tolerance throughout the year. That we have delivered, particularly at various critical points in the electoral year, is undoubtedly down to the exceptional efforts of our staff. The pressure on our electoral service has been immense throughout the year and I would like to take the unusual step of thanking one member of staff, our Principal Administrative Officer, June Nelson-Hamilton, for her unstinting efforts in ensuring the delivery of service and implementation of change.

I would also like to thank the Joint Board and, in particular, the Convenor and Vice Convenor for their continued support.

The Joint Board could not function without the support of a number of departments within West Dunbartonshire Council and I would like to extend my thanks to all relevant WDC officials, particularly to the Treasurer and Clerk to the Board and their staff.

The year ahead will continue to throw up challenges with the next phases of IER and the extension of the franchise to 16 and 17 year olds to implement. The UK Parliamentary elections will need to be delivered and the Scottish Parliamentary election in May 2016 planned for. Revaluation preparations will accelerate throughout the year and become the main area of operation for our valuation staff. Further, with markets still recovering from a severe recessionary period, the analysis of rentals and the establishment of robust valuation levels are likely to be testing.

These challenges will need to be met within a tight, and tightening, budgetary environment. In particular, IER is, simply, much more costly to deliver than the previous registration regime. Thus to meet our statutory duties in line with the performance levels expected of all parties involved will be more expensive. External grant funding is unlikely to be available beyond next year and there is an expectation that funding will be reduced across the local government sector. The currently projected budget gaps will be extremely difficult to close without significant change and pose a real threat to our ability to comply with statute and deliver services into the future.

Signed:

\_\_\_\_\_  
Assessor and Electoral Registration  
Officer

Signed :

\_\_\_\_\_  
Treasurer

Date:

\_\_\_\_\_  
23 September 2015

Date:

\_\_\_\_\_  
23 September 2015

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Remuneration Report**

**Introduction**

The remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 1985 (as amended by the Local Authority (Scotland) Amendment Regulations 2014). These Regulations require various disclosures about the remuneration and pension benefits of the Board and senior employees.

**Arrangements for Remuneration**

The Board sets the remuneration levels for senior officers. Its role is to ensure the application and implementation of fair and equitable systems for pay and for performance management within the guidelines of and as determined by the Scottish Ministers and the Scottish Government. In reaching its decisions, the Board has regarded the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities.

The remuneration of senior employees is set by reference to national arrangements. The Board does not pay bonuses or performance related pay. Chief Officers receive business mileage and subsistence allowances in accordance with amounts either agreed nationally by the Scottish Joint National Council (SJNC) or as approved locally by the Board. Chief Officers are eligible to join the Local Government Pension Scheme (LGPS). The scheme is described in the Pension Benefits section.

**Remuneration**

The term *remuneration* means as defined by the Regulations noted above, gross salary, fees and bonuses, allowances and expenses, and costs in relation to Early Retrial and Voluntary Severance. It excludes pension contributions paid by the Board. Pension contributions made to a person's pension are disclosed as part of the pension benefits disclosure.

**Remuneration of Senior Employees**

**Year ended 31 March 2015**

	<b>Gross Salary, Fees &amp; Allowances £</b>	<b>Bonuses £</b>	<b>Taxable Expenses £</b>	<b>Non-cash expenses &amp; benefits in-kind £</b>	<b>Total remuneration £</b>	<b>2013/2014 Total remuneration £</b>
David Thomson Assessor & Electoral Registration Officer	93,977	0	0	0	93,977	92,039
Robert Nicol Depute Assessor (start date 30/09/13).	74,782	0	0	0	74,782	33,813
Alistair Boyd Depute Assessor (left 01/09/13 payment of arrears).	307	0	0	0	307	33,877

**Notes**

1. The term *senior employee* means any Board employee
  - o Who has responsibility for the management of the local authority to the extent that the person has the 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; or
  - o Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
  - o Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Remuneration Report (Cont'd)**

**Remuneration of Employees receiving more than £50,000**

The Board's employees receiving more than £50,000 remuneration for the year were paid the following amounts. In accordance with the disclosure requirement of the Regulations, the information in the table shows the number of employees in bands of £5,000. This information includes the senior employees who are subject to the fuller disclosure requirements in the tables above.

Remuneration Bands £	Number of Employees	
	2014/2015	2013/2014
50,000 - 54,999	3	2
70,000 - 74,999	1	0
90,000 - 94,999	1	1
<b>Total</b>	<b>5</b>	<b>3</b>

**Pension Benefits**

The term pension benefits covers in-year pension contributions for the employee by the Board and the named person's accrued pension benefits at the reporting date.

**Pension Benefits of Senior Employees**

**In-year pension contributions (employers)**

	For year to 31 March 2015 £	For year to 31 March 2014 £
David Thomson	17,844	17,764
Robert Nicol	14,276	6,526
Alistair Boyd	59	6,538

	Accrued pension benefits – pension		Accrued pension benefits – lump sum	
	For year to 31 March 2015 £	For year to 31 March 2014 £	For year to 31 March 2015 £	For year to 31 March 2014 £
David Thomson	36,475	34,584	81,603	80,795
Robert Nicol	21,783	20,343	43,009	42,673
Alistair Boyd	0	36,776	0	94,247

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Pension Benefits of Senior Employees (Cont'd)**

1. The LGPS is a "final salary" scheme and provides defined benefits on retirement for employee of the Board. The pension is based on the pensionable service (how long he or she has been a member of the LGPS) and his or her final pay. For most people, for service up to 31 March 2009, the annual pension is calculated by dividing their final pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. Pensions payable are increased annually in line with changes in the Consumer Price Index (CPI).
2. The lump sum, which is automatically paid when the person retires for service up to 31 March 2009, is three times his or her annual pension and is tax-free. There is no automatic lump sum for service after 31 March 2009. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.
3. A member's contribution depends on his or her full-time equivalent pay and is payable at the rate on the following tranches of pay - up to and including £20,335 5.50%; above £20,335 and up to £24,853 7.25%; above £24,853 and up to £34,096 8.50%; above £34,096 and up to £45,393 9.50%; and above £45,393 12.00%.
4. The value of the accrued benefits in the above tables has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension age for members of the LGPS is 65.
5. The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government' service, and not just their current appointment
6. The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 make provision for authorities to make discretionary payments to local government employees to pay compensation for premature retirement. There were no discretionary payments made to senior employees during the year.

Signed:

\_\_\_\_\_  
Assessor and Electoral Registration  
Officer

Signed :

\_\_\_\_\_  
Treasurer

Date:

\_\_\_\_\_  
23 September 2015

Date:

\_\_\_\_\_  
23 September 2015

**Statement of Responsibilities**

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**The Boards Responsibilities:**

The 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 Board, that officer is the Treasurer and
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

I confirm that these Annual Accounts were approved for signature by the Board at its meeting on 23 September 2015.

Signed on behalf of Dunbartonshire and Argyll & Bute Valuation Joint Board

David Thomson  
Assessor and Electoral Registration Officer  
Date: 23 September 2015

**The Treasurer's Responsibilities:**

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

In preparing the Statements of Accounts, the Treasurer has:

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

The Treasurer has also:

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

I certify that the Annual Accounts give a true and fair view of the financial position of the Board at the reporting date and the transactions of Board for the year ended 31 March 2015.

Stephen West  
Treasurer  
Date: 23 September 2015

## ***DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS***

The Annual Governance Statement is included within the Annual Accounts to assure stakeholders on how the Board directs and controls its functions and how it relates to communities which will enhance transparency and scrutiny of the Board's activities.

### **Scope of Responsibility**

Dunbartonshire and Argyll & Bute Valuation Joint Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and 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 this overall responsibility, 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, which includes arrangements for the management of risk.

The Board has approved and adopted a Code of Corporate Governance (the Code), and also relies on the governance arrangements of West Dunbartonshire Council which are consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework:

The above code explains how Dunbartonshire and Argyll & Bute Valuation Joint Board delivers good governance and reviews the effectiveness of these arrangements on an annual basis.

The Board has also put in place a system of internal financial control designed to manage risk to a reasonable level. Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal financial control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the board's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

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

The governance framework comprises the systems and processes, and culture and values, by which the Board is directed and controlled. It also describes the way it engages with, accounts to its stakeholders.

Within the overall control arrangements the system of internal 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:

- comprehensive budgeting systems;
- regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- the preparation of regular financial reports which indicate actual expenditure against forecast;
- clearly defined capital expenditure guidelines; and
- An effective Internal Audit service.

## ***DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS***

### **Review of Effectiveness**

The Joint Board has a responsibility for ensuring the continuing effectiveness of its governance framework and its system of internal financial control. West Dunbartonshire Council's Audit and Risk Manager produces an annual audit plan based on a risk assessment of the Council's and Valuation Joint Board's systems and processes. The audit plan is approved by the Audit & Performance Review Committee of the Council. This Committee meets regularly and received reports from the Audit and Risk Manager. The Joint Board's external auditors also attend. The Audit and Risk Manager produces an annual report on the work carried out by Internal Audit during the year. This report contains a view on the effectiveness of the system of internal financial control.

The Internal Audit service operates in accordance with Public Sector Internal Audit Standards (PSIAS). The Audit and Risk Manager meets regularly with chief internal auditors of other authorities and staff within the Internal Audit Service are appropriately trained.

Our review of the effectiveness of the system of internal financial control is informed by:

- the work of managers within both the Joint Board and West Dunbartonshire Council who have responsibility for the development and maintenance of the financial control framework;
- the work undertaken by West Dunbartonshire Council's Internal Auditors during the year to 31 March 2015;
- the assessment of risk completed during reviews of the strategic audit plan;
- reports issued by the Valuation Joint Board's External Auditors and other review bodies; and
- knowledge of the Valuation Joint Board's governance, risk management and performance monitoring arrangements.

Through West Dunbartonshire Council, the Board's financial management arrangements conform with the governance requirements of the CIPFA Statement on The Role of Chief Financial Officer in Local Government 2010.

We are satisfied that the Valuation Joint Board has in place a sound system of internal financial control and that appropriate mechanisms are in place to identify any areas of weakness and to take appropriate action. This is corroborated by an Annual Assurance Statement prepared by the Audit and Risk Manager stating that reasonable assurance can be placed upon the adequacy and effectiveness of the Joint Board's internal control system in the year to 31 March 2015.

### **Performance Management**

Examples of developments which have led to significant improvement in arrangements for control, governance or risk management within the Joint Board during 2014/15 include:

- Introduction of new Management Team reports to improve monitoring performance of Non-Domestic Rating and Council Tax performance.
- Board approval and implementation of a Policy and Procedure on Individual Performance Management for Senior Officials
- IT Systems upgrades, Training provided and processes reviewed to comply with the new requirements of Individual Electoral Registration
- Revised approach to Risk Management with separate 'Board' and 'Operational' Risk Registers developed in line with auditor's advice.
- Introduction of checks to ensure that all relevant staff are compliant with the requirements of their Job Description/Person Specification
- Approval and Implementation of New Equalities Outcomes following consultation and liaison with the Equalities and Human Rights Commission.
- Approved and implemented a revised Strategy for the Prevention and Detection of Fraud and Corruption

### **Annual Governance Statement (Cont'd)**

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Performance Management (Cont'd)**

The following areas were identified by the Assessor for further improvements in 2015/16:-

- Document Management processes to be documented and improved.
- Improve resilience of ICT network/ communications, particularly to Campbeltown office.
- Manage the Risks associated with the ongoing IER Transition and extension of the franchise in Scotland
- Reporting Framework requires substantial review, particularly in respect of new Electoral Processes and emerging reporting requirement.
- Improve the security, control and management of electronic records/documents.

**Assurance**

On the basis of the assurance provided, we consider the governance and internal control environment operating during 2014/15 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

Signed: \_\_\_\_\_  
Assessor and Electoral Registration  
Officer

Signed : \_\_\_\_\_  
Treasurer

Date: 23 September 2015

Date: 23 September 2015

**Introduction to Annual Accounts**

## **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

The Annual Accounts comprise the following primary statements:

- Movement in Reserves Statement;
- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Cashflow Statement; and
- Summary of significant accounting policies and other explanatory notes.

### **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 other 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. The net increase/decrease before transfer to earmarked reserves line shows the statutory general fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Board.

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

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from constituent authority contributions.

### **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 assets of the Board (assets less liabilities) are matched by the reserves held by the Board. Reserves are reported in two categories. The first of the category of reserves are usable reserves, i.e. those reserves that the Board may use to provide services, subject to any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure). The second category of reserves is those that the Board is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where accounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the movement in reserves statement line 'adjustments between accounting basis and funding basis under regulations'.

### **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 authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. 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 (i.e. borrowing) to the Board.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Movement in Reserves Statement**

**2014/15**

	Usable Reserves		Unusable Reserves				Total Reserves £
	Fund Balance £	Capital Requisition Unapplied Account £	Capital Adjustment Account £	Revaluation Reserve £	Pension Reserve £	Statutory Mitigation Account £	
<b>Opening Balance as at 1 April 2014</b>	470,594	68,362	709,892	24,462	(4,544,000)	(19,793)	(3,290,483)
<b>Movements in Reserves</b>							
Surplus or (Deficit) on provision of Services	(236,659)	0	0	0	0	0	(236,659)
Other Comprehensive Income and Expenditure	0	0	0	10,340	(1,227,000)	0	(1216,660)
<b>Total Comprehensive Income and Expenditure</b>	<b>(236,659)</b>	<b>0</b>	<b>0</b>	<b>10,340</b>	<b>(1,227,000)</b>	<b>0</b>	<b>(1,453,319)</b>
<b>Adjustments between accounting basis &amp; funding basis</b>							
Depreciation/ Impairment	20,183	0	(20,183)	0	0	0	0
Pension Scheme Adjustment	344,000	0	0	0	(344,000)	0	0
Net Transfer to or from earmarked reserves required by legislation	(1,775)	0	0	0	0	1,775	0
Capital requisitions applied to fund capital expenditure	0	(17,812)	17,812	0	0	0	0
Capital requisitions unapplied	0	0	0	0	0	0	0
<b>Total Statutory Adjustments</b>	<b>362,408</b>	<b>(17,812)</b>	<b>(2,371)</b>	<b>0</b>	<b>(344,000)</b>	<b>1,775</b>	<b>0</b>
<b>Increase/Decrease in Year</b>	<b>125,749</b>	<b>(17,812)</b>	<b>(2,371)</b>	<b>10,340</b>	<b>(1,571,000)</b>	<b>1,775</b>	<b>(1,453,319)</b>
<b>Balance at 31 March 2015</b>	<b>596,343</b>	<b>50,550</b>	<b>707,521</b>	<b>34,802</b>	<b>(6,115,000)</b>	<b>(18,018)</b>	<b>(4,743,802)</b>
<b>Total Usable</b>		<b>646,893</b>	<b>Total Unusable</b>		<b>(5,390,695)</b>		

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Movement in Reserves Statement**

**2013/14**

	Usable Reserves		Unusable Reserves				Total Reserves £
	Fund Balance £	Capital Requisition Unapplied Account £	Capital Adjustment Account £	Revaluation Reserve £	Pension Reserve £	Statutory Mitigation Account £	
<b>Opening Balance as at 1 April 2013</b>	361,528	77,488	787,488	85,152	(3,810,000)	(14,259)	(2,512,603)
<b>Movements in Reserves</b>							
Surplus or (Deficit) on provision of Services	(242,347)	0	0	0	0	0	(242,347)
Other Comprehensive Income and Expenditure	0	0	0	(60,533)	(475,000)	0	(535,533)
<b>Total Comprehensive Income and Expenditure</b>	<b>(242,347)</b>	<b>0</b>	<b>0</b>	<b>(60,533)</b>	<b>(475,000)</b>	<b>0</b>	<b>(777,880)</b>
<b>Adjustments between accounting basis &amp; funding basis</b>							
Depreciation/ Impairment	86,879	0	(86,879)	0	0	0	0
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost.			157	-157	0	0	0
Pension Scheme Adjustment	259,000	0	0	0	(259,000)	0	0
Net Transfer to or from earmarked reserves required by legislation	5,534	0	0	0	0	(5,534)	0
Capital requisitions applied to fund capital expenditure	0	(9,126)	9,126	0	0	0	0
Capital requisitions unapplied	0	0	0	0	0	0	0
<b>Total Statutory Adjustments</b>	<b>351,413</b>	<b>(9,126)</b>	<b>(77,596)</b>	<b>(157)</b>	<b>(259,000)</b>	<b>(5,534)</b>	<b>0</b>
<b>Increase/Decrease in Year</b>	<b>109,066</b>	<b>(9,126)</b>	<b>(77,596)</b>	<b>(60,690)</b>	<b>(734,000)</b>	<b>(5,534)</b>	<b>(777,880)</b>
<b>Balance at 31 March 2014</b>	<b>470,594</b>	<b>68,362</b>	<b>709,892</b>	<b>24,462</b>	<b>(4,544,000)</b>	<b>(19,793)</b>	<b>(3,290,483)</b>
<b>Total Usable</b>		<b>538,956</b>	<b>Total Unusable</b>		<b>(3,829,439)</b>		

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Comprehensive Income and Expenditure Statement**

2013/14 Gross Expenditure £	2013/14 Gross Income £	2013/14 Net Expenditure £	Notes	2014/15 Gross Expenditure £	2014/15 Gross Income £	2014/15 Net Expenditure £
0	(29,662)	(29,662)		0	(26,263)	(26,263)
2,160,701	0	2,160,701		2,311,208	0	2,311,208
102,351	0	102,351		113,479	0	113,479
46,528	0	46,528		49,190	0	49,190
252,812	0	252,812		312,872	0	312,872
34,178	0	34,178		26,608	0	26,608
130,812	0	130,812		136,252	0	136,252
86,879	0	86,879		20,183	0	20,183
<b>2,814,261</b>	<b>(29,662)</b>	<b>2,784,599</b>	5/6	<b>2,969,792</b>	<b>(26,263)</b>	<b>2,943,529</b>
		(2,664,460)	14			(2,664,460)
		<b>(50,475)</b>	15			<b>(241,386)</b>
		<b>(2,714,935)</b>				<b>(2,905,846)</b>
		<b>69,664</b>				<b>37,683</b>
		(317)				(24)
		173,000	3			199,000
		0				0
		<b>172,683</b>				<b>198,976</b>
		<b>242,347</b>				<b>236,659</b>
		475,000	3			1,227,000
		60,533				(10,340)
		<b>535,533</b>				<b>1,216,660</b>
		<b>777,880</b>				<b>1,453,319</b>

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Balance Sheet**

2013/14			2014/15
£	Notes		£
734,687	5	Property, plant and equipment	736,813
0	6	Intangible Assets	5,843
<u>734,687</u>		<b>Total Long Term Assets</b>	<u>742,656</u>
644,539	7	Short Term Debtors	729,462
400	8	Cash and Cash Equivalents	400
<u>644,939</u>		<b>Current Assets</b>	<u>729,862</u>
(126,109)	9	Short Term Creditors	(101,320)
<u>(126,109)</u>		<b>Current Liabilities</b>	<u>(101,320)</u>
(4,544,000)	3	Net Pensions Liability	(6,115,000)
<u>(4,544,000)</u>		<b>Long Term Liabilities</b>	<u>(6,115,000)</u>
<u>(3,290,483)</u>		<b>Net Assets/(Liabilities)</b>	<u>(4,743,802)</u>
		<b>Represented by:</b>	
538,956	10/11	Usable Reserves	646,893
(3,829,439)	12	Unusable Reserves	(5,390,695)
<u>(3,290,483)</u>		<b>Total Reserves</b>	<u>(4,743,802)</u>

The unaudited Annual Accounts were issued on 12 June 2015 and the audited Annual Accounts were authorised for issue on 23 September 2015

Stephen West  
Treasurer  
23 September 2015

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Cash Flow Statement**

2013/14			2014/15
£	Notes		£
		<b>Operating Activities</b>	
(2,714,935)		Grants	(2,905,847)
(29,662)		Sale of goods and rendering of services	(26,263)
<u>(2,744,597)</u>		Cash Inflows from Operating Activities	<u>(2,932,110)</u>
2,400,739		Cash paid to and on behalf of employees	2,190,998
335,049		Other payments for operating activities	723,324
<u>2,735,788</u>		Cash Outflows from Operating Activities	<u>2,914,322</u>
<u>(8,809)</u>		Net Cash Flows from Operating Activities	<u>(17,788)</u>
		<b>Investing Activities</b>	
9,126		Purchase of Assets	17,812
0		Other receipts from investing activities	0
<u>9,126</u>		Net Cash Flows from Investing Activities	<u>17,812</u>
		<b>Financing Activities</b>	
(317)		Interest Received	(24)
<u>(317)</u>		Net Cash Flows from Financing Activities	<u>(24)</u>
<u>0</u>		Net (Increase)/Decrease in Cash and Cash Equivalents	<u>0</u>
400	8	Cash and cash equivalents at the beginning of the reporting period	400
(400)	8	Cash and cash equivalents at the end of the reporting period	(400)
<u>0</u>			<u>0</u>

# **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

## **Notes to the Annual Accounts**

### **Note 1 - Accounting Policies**

#### **1. General Principles**

The Annual Accounts summarise the Board's transactions for the 2014/15 financial year and its position at the year end of 31 March 2015. The Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 1985. Section 12 of the Local Government in Scotland Act 2003 requires 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 2014/15 ("the Code") and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Annual Accounts is principally historic cost, modified by the revaluation of certain categories of Property, Plant and Equipment and financial instruments.

#### **2. Accruals of Income and Expenditure**

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

- Revenue from the provision of services is recognised when the Board can measure reliably the percentage of completion of the transaction and when it is probable that the economic benefits associated with the transaction will flow to the Board;
- Expenses in relation to services received are recorded as expenditure when the services are received, rather than when payment is made;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet based upon materiality;
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument, rather than on cash flows fixed or determined by the contract; and
- Where income 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 charged to revenue for the income that might not be collected.

#### **3. 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.

Cash equivalents are investments that mature in three months or less from date of acquisition and that are readily convertible to known cash amounts, with insignificant risk of change of value.

Investments held by the Board comprise solely of short term surplus funds held within the bank balances. All deposits are held in sterling. The carrying amount is the outstanding principal receivable.

Bank balances are included in the Balance Sheet at the closing balance in the Board's financial ledger and include cheques payable not yet cashed.

# **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

## **Note 1 - Accounting Policies (Cont'd)**

### **4. Changes in Accounting policies, Estimates and Errors**

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, events or conditions on the Board's financial position or performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative figures, as if the new policy has always been applied.

On 1 April 2013, the Board implemented a change of accounting policy relating to the June 2011 amendments to the accounting standard IAS19 Employee Benefits. The key change relates to the expected return on assets. In order to permit a meaningful comparison between financial years, some figures in the previous year's audited Annual Accounts have been amended. The effects on the Annual Accounts are detailed on page 53, Note 17 Explanation of Prior Year Adjustment.

There has been a redistribution of costs within the CIES. The pension's interest cost within the Surplus or Deficit on the Provision of Services has increased with a corresponding reduction in actuarial (gains) or losses on pension assets and liabilities in Other Comprehensive Income and Expenditure. Essentially, the expected return on schemes assets that was credited to the Surplus or Deficit on the Provision of Services has been effectively replaced with an equivalent figure using the discount rate.

Changes in accounting estimates are accounted for prospectively.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative figures.

### **5. Charges to Revenue for non-current assets**

Services are debited with the following amounts to record the cost of using or holding fixed assets during the year:

- Depreciation, attributable to the assets used by the Board;
- Revaluation and impairment losses, where there is no accumulated gain in the Revaluation Reserve;
- Amortisation of intangible fixed assets.

The Board is not required to raise funds to cover depreciation, revaluation or impairment losses. Depreciation, revaluation and impairment losses and amortisations are replaced by the revenue provision by an adjustment within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **6. Intangible assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Board as a result of past events (e.g. computer software and/or software licences) is capitalised when it is expected that future economic or service benefits will flow from the asset to the Board.

Assets are measured originally at cost and only revalued where the fair value of the asset can be determined by reference to an active market.

Where an intangible asset has a finite useful life, the depreciable amount of an intangible asset is depreciated over its useful life in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is recognised in the Surplus or Deficit on the Provision of Services when the asset is derecognised.

# **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

## **Note 1 - Accounting Policies (Cont'd)**

### **6. Intangible assets (Cont'd)**

Where expenditure qualifies as capital for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the Board's balance and are therefore reversed out in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

### **7. Property, Plant and Equipment**

Assets that have physical substance and are held for the supply of goods and services, either directly or indirectly, 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 asset can be measured reliably. Expenditure that maintains, but does not add to the asset's potential to deliver future economic benefits or service potential, is charged as an expense when it is incurred.

#### Measurement

Initially measured at cost, comprising of:

- Purchase price;
- Any costs associated with bringing the asset to the location or condition necessary for it to be capable of operating in the manner intended by management;
- The initial estimate of costs for dismantling and removing the item and restoring the site on which it is located to its original state.

Where property, plant or equipment are acquired in exchange for a non monetary asset or assets, or a combination of monetary and non monetary assets, the cost of the acquired item shall be measured at fair value unless there is no economic substance to the exchange transaction, or the fair value of neither the asset received nor the asset given up can be reliably measured. The acquired item is measured at fair value even if the Board cannot immediately derecognise the asset given up. The acquired item is measured at the carrying amount of the asset given up if it is not measured at fair value.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Other buildings – fair value. Where there is no market based evidence of fair value because of the specialised nature of the asset and the asset is rarely sold, depreciated replacement cost is used as an estimate of fair value;
- Plant and equipment and other non property assets – fair value. Where assets in this class have either short useful lives or low values (or both), depreciated historical cost is considered to be a proxy for fair value where the useful life is a realistic reflection of the life of the asset and the depreciation method provides a realistic reflection of the consumption of the asset class.

Assets included in the Balance Sheet at fair value are re-valued regularly to ensure their carrying amount is not materially different from the fair value at the year end, as a minimum every 5 years.

# **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

## **Note 1 - Accounting Policies (Cont'd)**

### **7. Property, Plant and Equipment (Cont'd)**

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, the revaluation loss is accounted by:

- Balance of revaluation gains for the asset in Revaluation Reserve – the carrying amount of the asset is written down against that balance (up to the total gain)
- No balance of revaluation gains for the asset in the Revaluation Reserve – the carrying amount is written down in the Comprehensive Income and Expenditure Statement

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

#### Impairment

Assets are assessed at the end of each financial year for evidence in impairment or a reduction in value. Where indications exist and any possible differences are estimated to be material, the recoverable amount on the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Balance of revaluation gains for the asset in Revaluation Reserve – the carrying amount of the asset is written down against that balance (up to the total accumulated gains)
- No balance of revaluation gains for the asset in the Revaluation Reserve – the carrying amount is written down in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would be charged if the loss had not been recognised.

#### Depreciation

Depreciation is provided on all property, plant and equipment over their useful economic lives, with an exception made for assets without a determinable finite useful life (i.e. non depreciating land).

The useful lives of assets, as estimated and advised by a suitably qualified officer, are as follows:

- Other buildings \*      20-60 years      straight line
- Vehicles, plant, equip      5-10 years      straight line
- Intangibles      5-10 years      straight line

\* Including components such as structure, mechanical and electrical, etc.

Where an item of property, plant and equipment assets has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current depreciation charged on assets and the depreciation that would be chargeable based upon historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## **DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

### **Note 1 - Accounting Policies (Cont'd)**

#### **8. Employee Benefits**

##### **Benefits payable during employment**

Short term employee benefits (i.e. fall due within 12 months of the year-end), such as wages and salaries, paid leave, paid sick leave, bonuses and non monetary benefits for current employees are recognised as an expense in the year in which the employees render service to the Board. An accrual is made against the services in the Surplus or Deficit on the Provision of Service for the costs of holiday entitlement and other forms of leave earned by the employee but not taken before the year end and which employees can carry forward into the next financial year. Any accrual made is required under statute to be reversed out of the General Fund balance by a credit to the Statutory Mitigation Account in the Movement in Reserves Statement.

##### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision made by the Board to terminate an officer's employment before the normal retirement date or an officer's decision to accept a voluntary termination package in exchange for those benefits. Termination benefits do not provide the Board with future economic benefits and consequently they are recognised on an accruals basis immediately in the Surplus or Deficit on the Provision of Services line in the Comprehensive Income and Expenditure Account when the authority is demonstrably committed to provision of the termination benefits.

Where termination benefits involve the enhancement of pensions, they are treated as pension costs for the purpose of the statutory transfer between the Pension Reserve and the General Fund of the amount by which the pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations. In the Movement in Reserves Statement appropriations are required to and from the Pension Reserve to remove notional debits and credits for termination benefits related to pensions enhancements and replace them with the cost of the cash paid, including any amounts due and not paid at the year end.

##### **Post Employment Benefits**

Employees of the Board are members of The Local Government Pensions Scheme, administered by Glasgow City Council.

The scheme provides defined benefits to members earned as employees of the Board. The Local Government scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Board are included within 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 upon assumptions about mortality rates, employee turnover rates, projection of earnings for current employees, etc.
- Liabilities are discounted to their value at current prices using a discount rate of 4.3% (based upon the indicative return rate on long dated high quality corporate bonds)
- All assets are at bid value and are split into Quoted Prices in Active Markets and Prices not quoted in Active Markets, they are now shown in the notes in more detail.
- Split by Equity Securities, Debt Securities, Private Equity, Real Estate, Investment Funds, Derivatives Cash

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Note 1 - Accounting Policies (Cont'd)**

**8. Employee Benefits (Cont'd)**

- The change in the net pensions liability is analysed into seven components:
  - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
  - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
  - Net Interest expenses – the expected increase in the present value of liabilities during the year as they move one year closer, less the fair value of plan assets debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
  - Gains/losses on settlements and curtailments – the result of actions to relieve the Board of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
  - 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 – debited to the Pensions Reserve.
  - Contributions paid to the local government 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 Fund 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 in accordance to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pension Reserve to remove any notional debits and credits for retirement benefits and replace them with the cash paid or payable at the year end, to the pension fund and pensioners. The negative balance that arises on the Pension Reserve measures the beneficial impact on the Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits 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

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Note 1 - Accounting Policies (Cont'd)**

**9. 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 Annual Accounts are authorised for issue. Two types have been identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect this;
- Those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect this. However, if the event is material, a disclosure is made within the notes of the nature and financial effect.

**10. Exceptional items**

When items of income and expenditure are material, their nature and amount is disclosed separately, either within the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to the understanding of the Board's financial performance.

**11. Operating Leases**

**Board as Lessee**

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 it does not match the pattern of payment.

**Board as Lessor**

Where the Board grants an operating lease over an asset, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if it doesn't match the pattern of payment.

**12. Provisions, contingent liabilities and contingent assets**

**Provisions**

Provisions are made where an event has taken place that gives the Board an obligation, either legal or constructive, as a result of a past event that results in a probable outflow of resources and a reliable estimate can be made of the amount of that obligation.

Provisions are charged as an expense to the Comprehensive Income and Expenditure Statement in the year the Board becomes aware of the obligation and measured at the best estimate at the Balance Sheet date, taking account of 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 is now required; the provision is reversed and credited back to the relevant service.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Note 1 - Accounting Policies (Cont'd)**

**12. Provisions, contingent liabilities and contingent assets (Cont'd)**

**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 as a note to the accounts, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**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 disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits.

**13. VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from HM Revenues and Customs. VAT receivable is excluded from income.

**14. 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.

**Note 2 – Operating Leases**

**Board as Lessor**

The Board leases out property under operating leases to provide suitable affordable accommodation to West Dunbartonshire Council and Alpha Pets.

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

<b>31 March 2014</b>		<b>31 March 2015</b>
£		£
20,300	Not later than one year	20,300
75,825	Later than one year and not later than five years	72,782
16,979	Later than five years	0
<u>113,104</u>		<u>93,082</u>

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Note 2 – Operating Leases (Cont'd)**

**Board as Lessee**

The Board has acquired a number of photocopiers, fax, printers and water coolers by entering into operating leases.

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

<b>31 March 2014</b>		<b>31 March 2015</b>
£		£
4,506	Not later than one year	4,504
4,500	Later than one year and not later than five years	8,212
0	Later than five years	0
<u>9,006</u>		<u>12,716</u>

**Note 3 – Defined Benefit Pension Schemes**

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

The Board participates in the following pension schemes:

The Strathclyde Local Government Pension Scheme, which is a defined benefit statutory scheme, operated as Strathclyde Pension Fund, and administered by Glasgow City Council in accordance with the Strathclyde Local Government Pension Scheme (Scotland) Regulations 1998. This is a funded scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets. The employers' contribution rate is set by the Fund actuaries following valuation. The employer contribution rate for 2013/14 was 19.3%, and 2014/15 is set at 19.3%. In 2014/15, the Board paid an employer's contribution of £0.311m (2013/14 £0.294m).

In addition, the Board is responsible for all pension payments relating to added years' benefits which it has awarded together with the related increases. Strain on the Fund costs are charged in year for any early retrials. There was no charge in 2014/15 (2013/14 no charge).

The Board fully complies with the international accounting standard (IAS 19) concerning the disclosure of information on pension. IAS 19 states that although the pension benefits will not be payable until the employee retires; the Board has a commitment to make these payments and must disclose the cost of this in its accounts at the time employees earn their future entitlements.

The Board recognised the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge that the Board is required to make against its budget is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the general fund via the movement in reserve statement. The following transactions have been made in the comprehensive income and expenditure statement and the general fund balance via the movement in reserves statement during the year.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Note 3 – Defined Benefit Pension Schemes (Cont'd)**

2013/14 £000		2014/15 £000
	<b>Net cost of services</b>	
387	Current service cost	463
<u>387</u>		<u>463</u>
	<b>Financing and investment Income and Expenditure</b>	
173	Net Interest	199
<u>173</u>		<u>199</u>
	<b>Total post employment benefit charged to the Surplus or Deficit on the provision of Services</b>	
<u>560</u>		<u>662</u>
(285)	Return on plan assets	(1,859)
	Actuarial gains and losses arising on changes in financial Assumptions	2,346
765		82
(5)	Actuarial gains and losses arising on experience assumptions	
<u>1,035</u>	<b>Total post employment benefit charged to the comprehensive income and expenditure statement</b>	<u>1,231</u>
	<b>Movement in Reserves Statement</b>	
<u>(560)</u>	Reversal of net charges made to surplus of deficit for post employment benefits	<u>(662)</u>
	<b>Actual amount charged against the General Fund balance in the year</b>	
<u>301</u>	Employer contributions payable to Scheme	<u>318</u>

**Pension Assets and Liabilities**

The underlying assets and liabilities for retirement benefits attributable to the Board as at 31 March are as follows:

	2014/15 £000	2013/14 £000
Fair value of plan assets	16,221	13,656
Present Value of defined benefit obligations	(22,163)	(18,043)
<b>Net (liabilities)/assets in the Strathclyde Pension Fund</b>	<u>(5,942)</u>	<u>(4,387)</u>
<b>Present Value of Unfunded Liabilities</b>	(173)	(157)
Pre Local Government Reorganisation		
<b>Net pension asset/(liability)</b>	<u>(6,115)</u>	<u>(4,544)</u>

For the Strathclyde Local Government Pension Scheme at 31 March 2015 the Board has a net liability £5,942,000 and for the unfunded liabilities a net liability of £173,000. The Board's net liability of £6,115,000 at 31 March 2015 reflects the future obligations to fund retirement benefits. This represents an increase in the net liability of £1,571,000 compared to the position at 31 March 2014.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Note 3 – Defined Benefit Pension Schemes (Cont'd)**

**Pension Assets and Liabilities (Cont'd)**

The expected return on assets is based on long term future expected investment return for each asset class as at the beginning of the period. The expected rate of return is 13.1% as at 31/03/15, this is an increase from 6.7% as at 31/03/14.

Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The rate used to value liabilities is the basis of long dated high quality corporate bonds.

The movement during the year on the defined obligation is noted as:

<b>2013/14</b>		<b>2014/15</b>
<b>£000</b>		<b>£000</b>
16,504	Opening balance	18,200
387	Current service cost	463
747	Interest cost	788
104	Contributions by Members	108
765	Actuarial gains/losses in financial assumptions	2,346
(5)	Other Experience	82
(7)	Estimated unfunded benefits paid	(7)
(295)	Estimated benefits paid	(302)
0	Changes in demographic assumptions	658
<b>18,200</b>		<b>22,336</b>

The movement during the year regarding the fair value of the employer's assets is noted as:

<b>2013/14</b>		<b>2014/15</b>
<b>£000</b>		<b>£000</b>
12,694	Opening balance	13,656
285	Expected return on assets	1,859
574	Interest Income	589
104	Contributions by Members	108
294	Contributions by employer	311
7	Contributions in respect of unfunded benefits	7
(7)	Estimated unfunded benefits paid	(7)
(295)	Estimated benefit paid	(302)
<b>13,656</b>		<b>16,221</b>

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Note 3 – Defined Benefit Pension Schemes (Cont'd)**

**Pension Assets and Liabilities (Cont'd)**

The Valuation Joint Board's share of the pension funds asset at 31 March 2015 comprised:

Asset Category	31 March 2015			31 March 2014		
	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Total £000	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Total £000
Equity Securities	5,946	12	5,958	4,980	9	4,989
Private Equity	0	1,579	1,579	0	1,288	1,288
Real Estate	0	1,482	1,482	0	957	957
Investment funds and unit trusts	177	6,621	6,798	337	5,429	5,766
Derivatives	5	0	5	3	0	3
Cash and Cash Equivalent	0	399	399	0	653	653
<b>Totals</b>	<b>6,128</b>	<b>10,093</b>	<b>16,221</b>	<b>5,320</b>	<b>8,336</b>	<b>13,656</b>

**Asset and Liability Matching Strategy (ALM)**

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching strategy (ALM) as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested into narrow a range. The Fund invests in equities, bonds, properties and in cash.

**Pension Assets and Liabilities (Cont'd)**

The principal actuarial assumptions used at the balance sheet date are as follows:

31/03/2014		31/03/2015
6.7%	Expected rate of return	13.1%
2.8%	Inflation/pension increase rate	2.4%
5.1%	Salary increase rate	4.3%
4.3%	Discount rate	3.2%

Mortality

Based on these assumptions, the average future life expectancies at the age of 65 are:

	Males	Females
Current pensioners	22.1 years	23.6 years
Future Pensioners	24.8 years	26.2 years

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

**Note 3 – Defined Benefit Pension Schemes (Cont'd)**

**Sensitivity Analysis**

The estimation of defined benefit obligation is sensitive to the actuarial assumptions. The sensitivity regarding the principal assumptions used to measure the schemes liabilities are set out below

	Approximate % increase to Employer Liability	Approximate monetary Amount (£000)
Member life expectancy ( 1 year increase)	3%	670
Rate for discounting fund liabilities (0.5% decrease )	5%	1,162
Rate of pension increase (0.5% increase)	6%	1,334

The total employee contributions expected to be made to the Local Government Pension Scheme for 2014/15 is £297,000.

**Note 4 – External Audit Costs**

In 2013/14 the Board incurred the following fees relating to external audit in respect of external audit services undertaken in accordance with the Code of Audit Practice:

2013/14 £		2014/15 £
7,722	Fees payable for external audit services	7,799
<u>7,722</u>		<u>7,799</u>

**Note 5 – Property, Plant and Equipment**

<u>Figures 2014/15</u>	Land & Buildings £	Plant & Equipment £	Total £
<b>Cost or Valuation</b>			
As at 1 April 2014	906,403	93,887	1,000,290
Additions	0	11,968	11,968
Revaluations	10,340	0	10,340
<b>As at 31 March 2015</b>	<u>916,743</u>	<u>105,855</u>	<u>1,022,598</u>
<b>Accumulated Depreciation and Impairment</b>			
As at 1 April 2014	(207,558)	(58,045)	(265,603)
Depreciation Charge	(5,865)	(14,317)	(20,182)
<b>As at 31 March 2015</b>	<u>(213,423)</u>	<u>(72,362)</u>	<u>(285,785)</u>
<b>Net Book Value at 31 March 2014</b>	698,845	35,842	734,687
<b>Net Book Value at 31 March 2015</b>	703,320	33,493	736,813



**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD  
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**Note 7 – Debtors**

2013/14		2014/15
£		£
5,092	Other Entities and Individuals	3,918
639,447	Other Local Authorities	725,544
<u>644,539</u>		<u>729,462</u>

**Note 8 – Cash and Cash Equivalents**

The balance of cash and cash equivalents is made up of the following elements:

2013/14		2014/15
£		£
400	Imprest	400
<u>400</u>		<u>400</u>

**Note 9 – Creditors**

2013/14		2014/15
£		£
27,324	Central Government Bodies	2,757
88,199	Other Entities and Individuals	86,800
10,586	Other Local Authorities	11,763
<u>126,109</u>		<u>101,320</u>

**Note 10 – Balances & Reserves**

At their Board meeting on the 16 November 2012, the Board approved a Balance and Reserves Policy. The table below details the movement on revenue reserves this year.

Opening Balance at 1 April 2014	£	470,594
Gains/(Losses) on the fund		125,749
<b>Closing Balance at 31 March 2015</b>		<u>596,343</u>

The revenue reserves balance stands at £596,343 on 31 March 2015.

**Note 11 – 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.

2013/14		2014/15	2014/15
£		£	£
0	Contributions from Authorities	0	0
77,488	Unapplied Capital contributions b/forward		68,362
	<b>Capital expenditure incurred during the year:</b>		
(5,141)	Upgrade PC's	(8,915)	
0	Servers	(8,897)	(17,812)
(3,985)	Upgrade to buildings		0
<u>68,362</u>	<b>Unapplied Capital contributions c/forward</b>		<u>50,550</u>

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**Note 12 – Unusable Reserves**

<b>31 March 2014</b>		<b>31 March 2015</b>
£		£
709,892	Capital Adjustment Account	707,521
24,462	Revaluation Reserve	34,802
(4,544,000)	Pension Reserve	(6,115,000)
(19,793)	Statutory Mitigation Account	(18,018)
<u>(3,829,439)</u>	<b>Total Unusable Reserves</b>	<u>(5,390,695)</u>

**Capital Adjustment Account**

The capital adjustment account absorbs the timing difference 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, impairment losses and amortisations are charged to the comprehensive income and expenditure statement (with reconciling postings to the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Board as finance for the costs of acquisition, construction and enhancement.

The account contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains. The movement in reserve statement provides detail of the source of all the transactions posted to the account.

**Revaluation Reserve**

The revaluation reserve contains the gains made by the Board arising from increases in the value of its property, plant and equipment (and intangible assets). The balance is reduced when assets with accumulated gains are:

- re valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the capital adjustment account.

**Pension Reserve**

The pension 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 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 requires benefits earned to be financed as the Board makes employer's contributions to pension funds or eventually pays any pension 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.

**Statutory Mitigation Account**

The statutory mitigation account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from this account.

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**Capital Requisition Unapplied Account**

The capital requisition unapplied account represents capital contributions from the constituent authorities which have not yet been spent.

**Note 13 – Contingent Assets & Liabilities**

The Board has not identified any Contingent Assets and Liabilities.

**Note 14 – Contributions from Authorities**

2013/14		2014/15
£		£
1,281,605	Argyll & Bute Council	1,281,605
664,783	East Dunbartonshire Council	664,783
718,072	West Dunbartonshire Council	718,072
<u>2,664,460</u>		<u>2,664,460</u>

**Note 15 – Government Grants**

The Board received a total of £241,386 of government grants in 14/15 to continue with the delivery of Individual Electoral Registration and the Scottish Independence Referendum.

2013/14		2014/15
£		£
36,848	Cabinet Office	211,509
13,627	Scottish Government	29,877
<u>50,475</u>		<u>241,386</u>

**Note 16 – Related Parties**

It is a requirement of the Code that material transactions with related parties (i.e organisations with which the Board can influence or be influenced by) should be disclosed. The Board forms Group Accounts with three local authorities, namely West Dunbartonshire Council, East Dunbartonshire Council and Argyll & Bute Council. Sums paid by the local authorities to the Board are detailed in Note 14.

## **Independent auditor's report to the members of Dunbartonshire and Argyll & Bute Valuation Joint Board and the Accounts Commission for Scotland**

I certify that I have audited the financial statements of the Dunbartonshire and Argyll & Bute Valuation Joint Board for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the 2014/15 Code).

This report is made solely to the parties to whom it is addressed in accordance with the Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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

As explained more fully in the Statement of Responsibilities the Head of Finance and Resources at West Dunbartonshire Council, as Treasurer, is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements, irregularities, or inconsistencies I consider the implications for my report.

### **Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view in accordance with the applicable law and the 2014/15 Code of the state of the affairs of the body as at 31 March 2015 and of the income and expenditure of the body for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014 and the Local Government in Scotland Act 2003.

### **Opinion on other prescribed matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I am required to report by exception**

I am required to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Elaine Boyd FCCA  
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8 Nelson Mandela Place  
GLASGOW G2 1BT

24 September 2015