

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**



*Dunbartonshire and Argyll & Bute
Valuation Joint Board*

**ANNUAL ACCOUNTS
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JOINT BOARD MEMBERS AND OFFICIALS AS AT 31 MARCH 2020

ARGYLL & BUTE COUNCIL

Councillor Richard Trail (Convenor)
Councillor Graham Archibald Hardie
Councillor Alastair Redman
Councillor Iain Paterson
Councillor Donald MacMillan, BEM

EAST DUNBARTONSHIRE COUNCIL

Councillor Vaughan Moody (Vice Convenor)
Councillor John Jamieson
Councillor Jim Gibbons
Councillor Sandra Thornton
Councillor Stewart MacDonald
Councillor Denis Johnston

WEST DUNBARTONSHIRE COUNCIL

Councillor John Millar
Councillor Jonathan McColl
Councillor Jim Brown
Councillor Marie McNair
Bailie Denis Agnew

OFFICIALS

David Thomson (Assessor & Electoral Registration Officer)
Robert Nicol (Depute Assessor & Electoral Registration Officer)
Peter Hessett (Clerk)
Stephen West (Treasurer)

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MANAGEMENT COMMENTARY

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, transparent, effective and responsive services to all of our stakeholders.

COMMITMENTS

Within the constraints of the continuing tight public finance regime, 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 our Equalities 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; and
- Working with our partners in the Scottish Assessors' Association (SAA) to ensure transparency and Scotland-wide consistency of approach to service delivery.

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1.0 Introduction

This report comprises the Joint Board's Management Commentary and Annual Accounts in relation to the 2019/20 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 Electoral Registration Officer (ERO) over the past year and provides 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 to be treated as local authorities) are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the "Code").

For much of the financial year the main focus of our Non-Domestic Rating efforts was the disposal of 2017 Revaluation appeals, a process which was carried out in parallel with general maintenance of the Valuation Roll.

The Barclay Review, which reported in 2018, culminated in the publication of the Non-Domestic Rates (Scotland) Bill in March 2019. The Bill was amended through its various stages in the Scottish Parliament and the resultant Non-Domestic Rates (Scotland) Act received assent on 11 March 2020. The Act will bring about substantial change in the Non-Domestic Rating (NDR) system, more detail of which is provided below.

Maintenance of the Council Tax List is relatively stable but still requires application of significant resource.

The annual Electoral Register was published on 11 November 2019, this being accelerated from the normal 1 December publication date because of the 'snap' UK Parliamentary General Election. An unexpected European Parliamentary election in May of 2019 merely added to the workload in a year when no elections had been planned or budgeted for.

Both the UK and the Scottish Parliaments legislated for reform of the annual electoral canvass to take effect in 2020 and the franchise for Scottish Parliamentary and Local Government elections (including voting rights for some prisoners) will be extended during 2020.

The Management Team continues to be the main forum for decision making within the organisation. It met regularly throughout 2019/20 to manage statutory functions and operations, and develop, implement and monitor policies and strategies. Additionally, the Joint Board established a Funding Working Group that met to address the ongoing budget gap.

As a consequence of the worldwide Coronavirus/COVID-19 outbreak, and following the guidance issued by the First Minister, our offices were closed in mid-March. A number of employees have the capability to work from home and, within the constraints of the restrictions, reduced services have been maintained. As well as having a direct effect on the immediate delivery of our statutory functions, the outbreak is likely to have both direct and indirect effects in medium and long term. All future projections contained within this Commentary are based on current timetables and assumptions but these could be affected as the situation progresses and the effects become clearer.

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2.0 General progress in relation to statutory functions

2.1 NON-DOMESTIC RATING

Aims

- To carry out a general revaluation, currently every 5 years;
- 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 consolidate or 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 annual Valuation Roll and make it available to interested parties; and
- To deal with appeals by discussion with ratepayers or their agents, or by hearing of appeals before the appropriate valuation appeal bodies.

2017 Revaluation

Subsequent to the 2017 revaluation, 3,569 appeals were submitted against the values of 3,460 subjects, reflecting an appealed Rateable Value (RV) of £252,557,705. The statutory date for disposal of these appeals by Valuation Appeal Committees is 31 December 2020.

During 2019/20, 1,012 appeals were disposed of taking the cumulative disposals to 3,147. In total 958 (30%) have resulted in a rateable value adjustment and 2,189 (70%) have resulted in no adjustment.

Maintenance of the Valuation Roll

The Valuation Roll was updated to take account of additions, alterations and deletions. 928 amendments were made during the year. The reduction in RV during the year arises primarily from appeal adjustments.

Totals	Number
Total No of entries @ 1st April 2019	14,972
Total Rateable Value @ 1st April 2019	£368.7million
Total Number of entries @ 31st March 2020	15,141
Total Rateable Value @ 31st March 2020	£367.7million

The national Key Performance Indicator in relation to non-domestic valuation is the time taken from the effective date of amendments to the date a Valuation Notice in respect of each change is issued. The following table sets out the targets and actual performance information for 2019/20:

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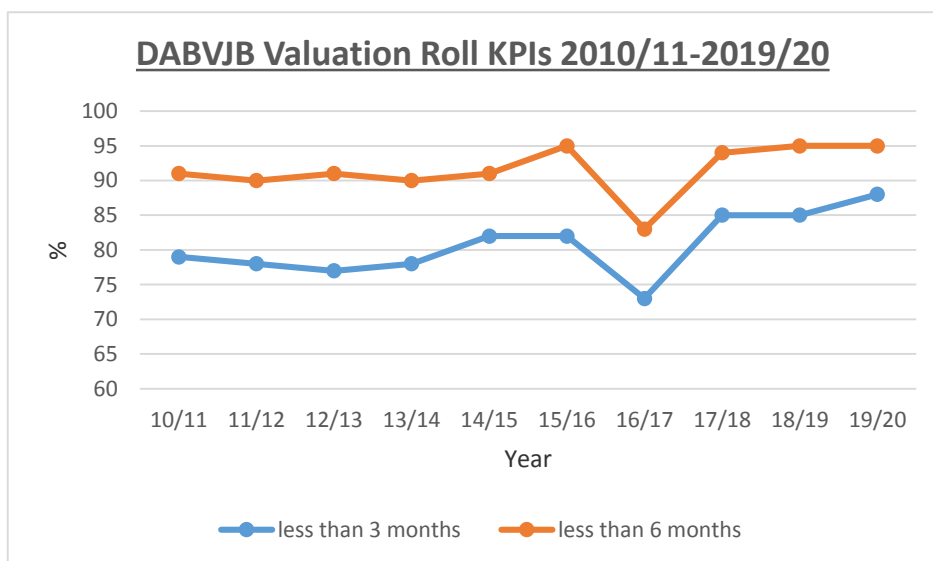
Period	Actual 2018/19	Target 2019/20	Actual 2019/20				Scotland 2018/19*
			Argyll & Bute	West D'shire	East D'shire	VJB Area	
0-3 months	85%	86%	90%	81%	86%	88%	67%
3-6 months	10%	9%	6%	9%	7%	7%	16%

*Collation of 2019/20 all-Scotland figures delayed by COVID-19 interruptions

2.0 General progress in relation to statutory functions

2.1 NON-DOMESTIC RATING (Cont'd)

Thus our target was marginally surpassed at 'less than 3 months' and met at 'less than 6 months'. Our performance over the period since 2010/11 is shown below and this illustrates that our performance in 2019/20 was as high as it has ever been.



Lands Tribunal – 2005 and 2010 Appeals

Appeals which have been referred to the Lands Tribunal are of a complex nature or are likely to have national implications. 2019/20 saw some progress in relation to disposal of these and, at 31 March 2020, 7 appeals remain outstanding from the 2005 cycle (9 at March 2019) and 29 appeals from the 2010 cycle (48 at March 2019).

With the date for disposal of 2017 Revaluation appeals approaching, it is expected that a significant number of applications for referrals to Lands Tribunal will be received during 2020.

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2017 Running Roll Appeals

During the year 2,510 new running roll appeals (i.e. not related to the Revaluation) were received, compared to 192 in 2018/19. During the year, 161 were disposed of leaving 2,815 outstanding.

In March, 2,418 appeals (included in the above) were received, the majority of which claim that the COVID-19 outbreak constituted a material change of circumstances. The disposal dates for these appeals are in March 2021 and dealing with these appeals constitutes a very significant additional and unexpected burden on the service.

2.1 NON-DOMESTIC RATING (Cont'd)

Non-Domestic Rating Reform

The main changes affecting the Assessor in the Non-Domestic Rates (Scotland) Act are:-

- (a) Revaluations are to be effective every 3 years from 2022;
- (b) The Valuation Roll will be required to mark new and improved properties to assist in the application of the "Business Growth Accelerator";
- (c) Certain parts of public parks, and properties located in public parks will be entered into the valuation roll for the first time;
- (d) The current appeals system will be replaced by a 2-stage proposals and appeals process;
- (e) New civil penalties are to be introduced for non-provision of information;
- (f) Recipients of Civil Penalty notices will have the right to appeal the application of a penalty; and
- (g) Assessors will be required to provide ratepayers with certain information on how their Rateable Values have been arrived at.

A tranche of secondary legislation, including a requirement for the Assessor to check that Self-Catering Units are actually let for 70 days in any year, will be required to support the Act. Detail in relation to secondary legislation and policy intention has, however, been slow to come forward, thus impacting on the ability to plan for the changes. Notwithstanding the above, progress has been made in respect of recruitment and ICT system development.

The Scottish Government has supported the implementation of NDR reform through the provision of funding via the constituent councils. For 2019/20, £124,000 was provided to offset additional costs of reform, which were incurred across a number of budget lines, and £197,000 has been provided for 2020/21.

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 maintain or improve upon the time taken between the date that amendments to the Valuation List are effective and the date the Banding Notices are issued;
- To publish the Valuation List, make it available to 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; and

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- To keep property records up to date to take account of alterations.

Maintenance of Valuation List

The year to 31 March 2020 saw 1,061 additions to the Council Tax List and a net increase in the number of dwellings shown in the Council Tax List as follows:

Totals	Number
Total Number of entries @ 1st April 2019	145,266
Total Number of entries @ 31st March 2020	145,569

The national Key Performance Indicator in relation to Council Tax valuation is the time taken from the effective date of additions to the Valuation List to the date a Banding

2.2 COUNCIL TAX (Cont'd)

Maintenance of Valuation List (Cont'd)

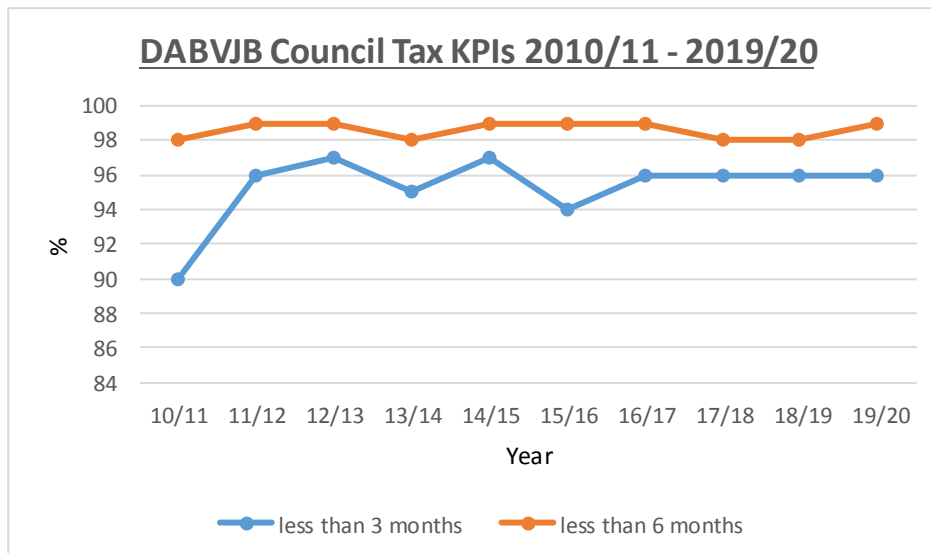
Notice in respect of each new entry is issued. The table (below) sets out the target and actual performance information for 2019/20 compared with the actual figures for 2018/19 and shows that our targets were achieved or surpassed.

Period	Actual 2018/19	Target 2019/20	Actual 2019/20				Scotland 2018/19*
			Argyll & Bute	West D'shire	East D'shire	Whole VJB Area	
0-3 months	96%	96%	96%	99%	94%	96%	92%
3-6 months	2%	2%	2%	1%	6%	3%	5%

*Collation of 2019/20 all-Scotland figures delayed by COVID-19 interruptions

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

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Proposals and Appeals

During the year, 327 (327 in 2018/19) new proposals to change property Bands were received and 302 (300 in 2018/19) were disposed of, leaving 217 outstanding at the end of the year.

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;
- 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 and Electoral Commission performance standards;
- To encourage Electoral Registration in the three constituent Council areas; and
- To support the efficient running of electoral events within the Joint Board area.

2.3 ELECTORAL REGISTRATION (Cont'd)

Electoral Registration and Publication of the Register

Individual Electoral Registration (IER), which was introduced in 2014, continued to result in additional costs over the previous regime. To support this cost we received a grant of £62,721 from the Cabinet Office and, subsequently, a further £14,659 following a 'Justification Led Bid' application process. The 2019/20 budget estimates had forecast grant income of £40,000.

Our annual canvass commenced on 1 July with the issue of Household Enquiry Forms (HEFs). Changes notified on returned HEFs are used to initiate the issue of an Invitation to Register (ITR) or other relevant documentation. There is a duty on EROS to follow-up on non-returned HEFs resulting in the following numbers being issued.

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Council Area	Initial issue	1st Reminder	2nd Reminder	%age Return
Argyll & Bute	48,664	17,503	11,436	85%
East Dunbartonshire	47,068	17,894	11,281	85%
West Dunbartonshire	45,301	22,372	16,480	72%
VJB Total	141,033	57,769	39,197	81%

The total response rate of 81% is similar to previous canvass returns despite the canvass being brought to a halt early to allow for the UK Parliamentary election.

Year	Canvass return
2019	81%
2018	82%
2017	80%
2016	81%
2015	75%

The persistently low return rates for West Dunbartonshire, compared to the other two council areas, are a source of ongoing concern.

Several methods of making returns were offered to electors and a summary of the returns is shown below:

Method of Response	2018 Canvass		2019 Canvass	
	No of Returns	% age return	No of Returns	% age return
Post	54,347	38.66%	46,848	33.22%
Electronic (web/phone/SMS)	45,432	32.32%	52,525	37.24%
Phone/Email contact	2,935	2.09%	2,605	1.85%
Door-to-door canvass	6,075	4.32%	5,829	4.13%
Verified as second home/long term empty	5,231	3.72%	5,070	3.59%
Returned/Empty/ Other	1,308	0.93%	1,317	0.93%
Total	115,328	82.04%	114,194	80.96%

Notably, the use of electronic returns (web/phone/SMS) outstripped postal returns for the first time.

2.3 ELECTORAL REGISTRATION (Cont'd)

Electoral Registration and Publication of the Register (Cont'd)

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During the canvass period there were 10,794 electors added to the registers for the Joint Board area and 11,885 deletions. This resulted in a total electorate of 219,861 at publication on 11 November split as shown over:

Local Authority	Electorate
Argyll & Bute	67,703
East Dunbartonshire	84,925
West Dunbartonshire	67,233

The total electorate figure is marginally up on the total at publication in December 2018, though the year-to-year total electorate is quite varied (below).

Year	No of Electors
2019	219,861
2018	219,637
2017	222,507
2016	221,078
2015	218,668
2014	223,594

Absent Voters

Generally, the trend in Absent Voter numbers since IER was introduced has been downward and this continued in 2019.

Year	No of Absent Voters
2019	33,916
2018	34,110
2017	35,918
2016	37,764
December 2015	38,376
February 2015	34,525

Rolling Registration

Rolling Registration is the process of dealing with changes which take place outwith the canvass period. During 2019/20 there were 9,451 additions to the register and 6,759 deletions made through the rolling registration process.

2.3 ELECTORAL REGISTRATION (Cont'd)

Electoral Performance

Based on their own assessment of risk, the Electoral Commission (EC) did not request evidence of compliance with their published performance standards during 2019/20. A meeting did,

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however, take place with the Electoral Commission in relation to performance and no adverse report has resulted.

The EC are currently consulting on a new performance regime that will take account of the reformed canvass. We will retain an awareness of the emerging requirements and react as appropriate.

Originally, there were no electoral events scheduled to take place during 2019/20 and no budget provision had been made for such events, but the extension to the UK's membership of the European Union resulted in a European Parliamentary Election being held in May, which was planned and implemented at short notice. To accommodate the timetable for the 'snap' UK Parliamentary (UKPGE) election in December, the annual canvass was terminated and the revised Electoral Register was published early. There was a very significant level of public engagement in the registration process with almost 12,000 applications to be added to the register being received in the period leading up to the last date for registrations.

These elections reiterated just how much the registration process is now being driven by electoral events and the accompanying social media activity arising from them. Both events required the application of overtime for staff which was not originally budgeted for and really tested the capability of our current staffing levels and other resources. The Electoral Commission subsequently acknowledged that "the UK Government needs to identify improvements to....the funding model for elections, to help EROs effectively manage large numbers of registration applications...ahead of major electoral events".

Canvass Reform

The Representation of the People (Annual Canvass) (Amendment) Regulations 2019 make provision for canvass reforms as they apply to the UK Parliamentary Registers. The Representation of the People (Annual Canvass) (Miscellaneous Amendments) (Scotland) Regulations 2020 made similar provision for the Scottish Parliamentary and Local Government register.

The new canvass process will commence with registers being matched to government information sources and a number of canvass options will be available to EROs depending on the match/non-match status of each household. The aim is to reduce the overall administration of the canvass and to allow EROs to focus resources on areas where they are most required.

Planning is well under way and it is expected that the 2020 canvass will commence on Monday 3 August following rounds of national and local data matching. Electoral Management System changes are being driven by central government and training in the new processes will be provided to all relevant employees.

Franchise Extension

The Scottish Elections (Franchise and Representation) Act received assent on 1 April 2020 and provides for the extension of the franchise for Scottish Parliamentary and Local Government elections to include certain Prisoners and non-national residents of Scotland. Again plans are being made and systems being updated to accommodate these changes.

3.0 GENERAL PROGRESS IN RELATION TO OTHER MATTERS

3.1 INFORMATION AND COMMUNICATIONS TECHNOLOGY

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IT and Computer Provision

Computers and IT systems continue to be maintained and upgraded in accordance with the Joint Board's IT Strategy and the recommendations from West Dunbartonshire Council's ICT Service.

A main focus for our ICT staff has been the redevelopment of NDR systems to accommodate the forthcoming reforms (see above) and good progress has been made.

Our Electoral Management System was upgraded several times throughout the year to provide functionality improvements and ensure continued compliance with requirements.

We have continued to participate in the Scottish Assessors' web portal's Project Management Committee, Project Team and Working Group to enhance the site (www.saa.gov.uk).

3.2 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 2018/19 Public Performance Report was published during 2019/20 on our web site (www.saa.gov.uk/dab-vjb/).

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, a number of actions were taken, or were ongoing, during 2019/20 which are detailed in the Annual Governance Statement on pages 25 to 29.

Audit

During the year Internal Audit carried out a review of our Risk Management regime. The Audit Report concluded that the risk management systems examined are working well and highlighted several areas of good practice. The report also highlighted the need to record our management of emerging risks relating to the COVID-19 outbreak.

An Audit Plan was agreed which identified the main areas for scrutiny during the audit of 2019/20, as follows:

- Ensure that controls are in place to ensure that management cannot override financial controls;
- Ensure that systems are in place to prevent and detect fraud in relation to expenditure;
- Investigate and evaluate the risk of material misstatement in the financial statements;
- Review the estimation and judgement in the measurement and valuation of the Joint Board's pension liability;
- Review the financial sustainability of the Joint Board;
- Evaluate the risk that the financial position of the Joint Board is not sustainable in the longer term, and
- Consider the risk that the DABVJB will be unable to meet the increased operational needs arising from the Non-Domestic Rates (Scotland) Act, due to insufficient resources.

3.2 BEST VALUE (Cont'd)

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Audit (Cont'd)

- In line with the above plan, the finances of the Joint Board for 2019/20 were audited by Audit Scotland and the report concluded that the financial statements of the Joint Board were properly prepared and give a true and fair view. Expenditure and income were presented in accordance with applicable enactments and guidance. An unqualified independent auditor's report was issued and is included on pages 55-58.

Customer Satisfaction

Users of the Joint Board's services are randomly sampled and issued with questionnaires to seek their perception of the service provided to them. A summary of the results for the year is provided below.

	2015/16	2016/17	2017/18	2018/19	2019/20
Was the person with whom you communicated professional, courteous and helpful?	97%	97%	99%	94%	98%
Was the matter brought to a satisfactory conclusion immediately?	62%	68%	62%	60%	61%
Was the matter brought to a satisfactory conclusion?	96%	97%	97%	93%	97%
Are you satisfied with the quality of the information or advice given to you?	94%	97%	96%	93%	96%

No Customer Satisfaction forms were requested in alternative languages, Braille or other formats. Sample sizes within the various equalities groups were too small to draw firm conclusions but the results are monitored by management with any apparent variations within any of the groups with protected characteristics being followed up to ensure that we are carrying out our functions in a fair and equitable manner.

Complaints Procedure

The Joint Board operates a Complaints Procedure which is in line with the Public Sector Ombudsman's Model Complaints Handling Procedure.

There were 14 Complaints received during 2019/20, compared to 18 in 2018/19 and 15 in 2017/18, with 13 relating to Electoral Registration and one to Council Tax. Most complaints were resolved at the Frontline Resolution stage with 3 being escalated to the Investigation stage. No complaints were referred to the Ombudsman.

The Scottish Public Sector Ombudsman has recently revised the Model Complaint's Handling Procedure and, looking to the coming year, the format and content of this will be reviewed. A revised procedure will be prepared for implementation in the Joint Board as required by April 2021.

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3.2 BEST VALUE (Cont'd)

Financial Performance

General

In June 2019, the Joint Board established a Funding Working Group to address the ongoing budget gap and consider the additional pressures being introduced by NDR Reform. The Group met twice during the year and provided a valuable contribution to the overall financial governance of the Board. The Group were able to recommend standstill contributions from the Councils at an early stage of the budget preparation process.

Comprehensive Income and Expenditure Statement

This account covers the day-to-day operational expenditure of the Joint Board and is shown on page 31 of the Annual Accounts. On an accounting basis the deficit on the provision of service for the financial year reported in the Comprehensive Income and Expenditure Statement is £0.295m. However this takes account of adjustments between the accounting and funding basis of (£0.327m) resulting in the in-year surplus of £0.032m as shown in the table on page 44.

	Comprehensive Income & Expenditure Statement	Statutory Adjustments	Actual	Budget	Variance
	£000	£000	£000	£000	£000
Employee Costs	2,446	(213)	2,233	2,319	86
Property Costs	111	0	111	122	11
Transport Costs	44	0	44	45	1
Supplies & Services	250	0	250	289	39
Payments to Other Bodies	30	0	30	45	15
Support Services	123	0	123	123	0
Depreciation	14	(14)	0	0	0
Other Costs: (Pensions)	129	(129)	0	0	0
Total Expenditure	3,147	(356)	2,791	2,943	152
Requisition Income	(2,735)	0	(2,735)	(2,736)	(1)
Capital Income	(29)	29	0	0	0
Grant Income	(77)	0	(77)	(40)	37
Rental Income	(2)	0	(2)	(2)	0
Sales, Fees & Charges	(9)	0	(9)	(3)	6
Total Income	(2,852)	29	(2,823)	(2,781)	42
(Surplus)/Deficit for the year	295	(327)	(32)	162	194

3.2 BEST VALUE (Cont'd)

Comprehensive Income and Expenditure Statement (Cont'd)

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The main budget variances are shown below:

Variance		
Spend Area	£000	Comments
Employee	86	This underspend is mainly due to non-filling of vacancies.
Supplies & Services	39	This underspend is across a number of headings (such as machine lease, computer licences, telephones, printing & stationery).
Payments to Other Bodies	15	This underspend is mainly due to expenditure relating to the Valuation Appeals Committee being lower than anticipated.
Income	42	During the financial year the Board received additional grant income from the Cabinet Office to cover the costs of IER. Also income from Fees & Charges was higher than anticipated.

Balance Sheet

Assets Valuations - Material valuation uncertainty due to Novel Coronavirus (COVID – 19)

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, the Board’s professional valuers considered that less weight could be attached to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that the valuers are faced with an unprecedented set of circumstances on which to base a judgement. The valuations are therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case.

For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

The Board’s assets were last formally valued as at 31 March 2017 and are due for formal revaluation as at 31 March 2022 (following the policy to revalue within a minimum of every 5 years). The decision was taken to leave the valuations unchanged in 2020 following consideration of the inputs and the information that was available as at 31 March 2020. The valuers reviewed the information published by BCIS in terms of build cost information and noted that there had only been a nominal adjustment, less than 1%, between the information relied upon and that which was available on 31 March 2020 and concluded that this was not sufficient to merit amendment of the valuations provided.

3.2 BEST VALUE (Cont’d)

Balance Sheet (Cont’d)

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

The balance sheet shown on page 34 features an assessed pension fund liability of £3.190m based on the valuation of the fund at 31 March 2020. This results in the Board's Balance Sheet showing a net liabilities position. Further information on the pension fund is provided in note 4 on pages 46 to 49 and the valuation states that assets held at the valuation date were sufficient to cover only 86% 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 decreased by £2.027m as advised by the appointed actuaries, and this is mainly as a result of the movement in the discount rate. The appointed actuaries remain of the view that the asset holdings of Strathclyde Pension Scheme and the contributions from employees and employers 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 (19/20 £54,703) 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 2020 the Board held total usable reserves of £0.622m (of which £0.038m relates to unapplied capital reserves) with the remaining balance comprising revenue reserves of £0.584m. A proportion of this is identified as an earmarked balance (£0.153m) to balance the 2020/21 budget and (£0.005m) for ICT Consultancy Fee -Civil Penalties. Once the earmarked balances are accounted for this leaves £0.426m of general reserves available 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. The level of requisition made by the Board for 2019/20 remained the same as 2018/19. The board also received £0.125m from constituent authorities for the implementation of the Barclay Review. Given the forecast reduction in funding for local government into the future it is anticipated that levels of funding may be challenging going forward into 2020/21 and beyond and management have commenced planning for this to ensure ongoing service delivery reflecting 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.

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.

3.2 BEST VALUE (Cont'd)

Risk Management

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

Risk Registers and Action Plan are revised annually. Inclusions in the Board Risk Register during the year were:

- The potential for the Joint Board or its statutory officials to fail to meet their respective statutory duties. This risk increased in the coming year by the amount of legislative change referred to below, particularly where secondary or supporting legislation has been slow to come forward.
- Current and expected future local government settlements, with static or reduced funding, bring a number of related financial risks and/or risk of failure to meet statutory duties, particularly in light of the changes referred to in the risk above.
- Specific risks arise from the introduction of a 3-yearly NDR Revaluation cycle and a 2-stage appeals process.
- The dependency of the Joint Board on ICT for delivery of its statutory functions and service delivery.
- Planned changes to the Electoral Registration system including canvass reform and the introduction of voting rights for (some) prisoners and all residents of Scotland for some polls.
- There is a real, medium term, risk that the combined effect of NDR reform and the reduced availability of relevant training provision by Universities, will be to make it increasingly difficult to attract, train and retain enough professional staff to carry out our statutory duties.

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

Since the 2020 Risk Register was agreed by the Management Team, the effects of the COVID-19 outbreak have escalated and this had become the most immediate risk facing the Joint Board by the end of the financial year. As a result, the following risk has been added to the Board Risk Register:

- The pandemic COVID-19 viral outbreak and the government restrictions to combat its effects represent significant risks to the delivery of the Assessor and ERO's statutory functions, to Joint Board employees' health and to various aspects of our interactions with service users and stakeholders. It may also affect the Joint Board's oversight of the Assessor & ERO's functions.

A new COVID-19 Risk Register focussed on all the varying effects of the outbreak has been developed and actions have been identified.

3.3 EQUALITIES

The Joint Board's stated Equality 'Outcomes' are as follows:

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

An Equality Report was published in April 2019 that contains updates on our progress in achieving these Outcomes, Workforce Monitoring and our Pay Gap. The Report can be viewed in full at <https://www.saa.gov.uk/dab-vjb/wp-content/uploads/sites/5/2019/08/DAB-VJB-Public-Sector-Equality-Duty-April-2019.pdf>.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

3.4 STAFFING MATTERS

Development and Training

Currently, employees review their training needs with their line manager on an annual basis and the resultant Training and Development Plan informs the provision of training throughout the year. In line with an action from a Governance self-assessment, the current process was revised during 2019/20 to include elements of performance management. A revised Policy is currently subject to consultation with the relevant trades union and it is expected that it will be presented to the Joint Board for approval during 2020/21.

In addition to staff's Core Training programme, training across a range of subjects was provided in 2019/20 through externally sourced courses, in-house training events and e-learning facilities.

The last year proved to be one of significant turnaround in employees. Between 31 March 2019 and 31 March 2020, 5 members of staff retired and 3 resigned from the Joint Board. In the same period, 3 employees were recruited. When taken with various other changes to working patterns, the Full Time Equivalent workforce fell from 51.02 to 47.25. This reduction in staffing forms part of our efforts to address the budget gap but it is clear from the pressures felt in preparing for elections, in dealing with NDR appeals and at key points throughout the year, that staffing levels have been reduced a point where service delivery is notably affected. A Workforce Plan has been approved and recruitment is planned for 2020/21, partly supported by the NDR Reform funding. The Management Team will continue to use performance information to keep the situation under review.

Personnel Policies

During the year, the Board approved a number of personnel and related policies largely in line with the approach in West Dunbartonshire Council.

3.5 FREEDOM OF INFORMATION

The Joint Board's 'Guide to Information' was updated and maintained as required with relevant documents available from <https://www.saa.gov.uk/dab-vjb/download/2239/>

A 'business as usual' approach has been taken to the majority of requests for information received, but in the calendar year to December 2019, 15 requests which specifically referred to the Freedom of Information Act were received. This compares to 58 in 2018 and 21 requests in 2017.

Seven requests received related to Electoral Registration, three requests related to Non-Domestic Rating, and five related to Council Tax. Nine requests were answered in full and three in part. The information requested was not held for two requests and clarification of the request was not provided in one instance. All requests were answered within the statutory timescales.

3.6 RECORDS MANAGEMENT

In late January 2020, The Keeper of the Records of Scotland (The Keeper) invited the Joint Board to make a submission under the Progress Update Review process and that is under consideration.

3.7 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. More on the association can be found at <https://www.saa.gov.uk/about-the-saa/>.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

Valuation Joint Board staff are represented in the Association in all of its Category Committees, in working groups and as authors of Practice Notes. The co-operation and co-ordination of the Association is of critical importance in the completion, and defence of Revaluations.

During 2019/20, the Association was active as a consultative body as the NDR Reform Bill made its way through the Parliamentary Committee. A project manager has been established to lead on the role the SAA might take in successful delivery of NDR reform and the Barclay requirements.

The planning for, and provision of, Electoral Registration services is assisted by guidance received from the Electoral Commission and the Electoral Management Board of Scotland and by representation within the Association of Electoral Administrators. The Cabinet Office has also become an important stakeholder in respect of canvass reform and modernisation of Electoral Registration services.

The Valuation Joint Board obtains all of its 'back-office' functions including human resources, legal support, ICT support and financial services from West Dunbartonshire Council under a Service Level Agreement which was revised in early 2020. Thanks are due to all of the West Dunbartonshire Council officials who support the Joint Board.

3.8 CONCLUSION

2019/20 was seen as a year in which general maintenance of our services would proceed in parallel with a focus on planning for the NDR and Electoral Registration changes that are scheduled to take effect in subsequent years. Progress was made with disposal of Revaluation appeals and our maintenance obligations were met across all services. However, the lack of secondary NDR legislation and the additional workload caused by two late notice electoral events did impede our planning objectives.

Reducing staffing levels are, in the context of a persistent budget gap, a fact of life but it is clear that the reduction in staff numbers is affecting our capabilities.

The ongoing COVID-19 situation is one which will have impacts at all levels on both the Joint Board and the wider world, now and in the future, and that will almost certainly result in the 'best laid schemes' being subject to constant review and revision.

Thanks are due to all staff and management for their endeavour, effort and co-operation throughout the year. Similarly, thanks are due to the Joint Board, and in particular, the Convenor and Vice Convenor for their continued support.



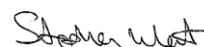
Councillor Richard Trail
Convenor of the Board

Date: 16 September 2020



David Thomson
Assessor & Electoral Registration
Officer

Date: 16 September 2020



Stephen West
Treasurer

Date: 16 September 2020

REMUNERATION REPORT

Introduction

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

The remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014. These Regulations require various disclosures about the remuneration and pension benefits of the Board and senior employees. All information disclosed in the tables 1-5 of the Remuneration Report will be audited by Audit Scotland. The other sections have also been reviewed by Audit Scotland to ensure that they are consistent with the Financial Statements.

Arrangements for Remuneration

No Councillors serving on the board (including the Convenor and Vice-Convenor) receive any form of remuneration in respect of these roles

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 Retiral 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.

Table 1: Remuneration of Senior Employees

		Year ended 31 March 2020		2018/19
		Salary, Fees & Allowances	Total Remuneration	Total Remuneration
Name	Position at 31/03/20	£000	£000	£000
David Thomson	Assessor & Electoral Registration Officer	101	101	99
Robert Nicol	Depute Assessor & ERO	84	84	79

1. The term *senior employee* means any Board employee:

- Who has responsibility for the management of the board to the extent that the person has the power to direct or control the major activities of the board (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons; or
- 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
- Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

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.

Table 2: Remuneration

Bands £	Number of Employees	
	2018/2019	2019/2020
55,000 to 59,999	2	2
75,000 to 79,999	1	0
80,000 to 84,999	0	1
95,000 to 99,999	1	0
100,000 to 104,000	0	1
Total	4	4

Pension Benefits

The LGPS 2015 is a career average pension scheme. This means that pension benefits from 01/04/2015 are based on pensionable pay with inflation added. Pension is accrued at a rate of 1/49 of pensionable pay for each scheme year. Pension benefits can be accessed from age 60 but are reduced if taken earlier than Normal pension Age (State Pension Age). Pension benefits accrued before 1 April 2015 are protected and are based on final pay on retiring.

From 1 April 2009, a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Table 3 below provides information on these tiered contribution rates.

Table 3: Contribution Rate

The tiers and members contributions rates for 2019/20 whole time pay	Contribution rate 2019/20
On earnings up to and including £21,800	5.50%
On earnings above £21,801 and up to £26,700	7.25%
On earnings above £26,701 and up to £36,600	8.25%
On earnings above £36,601 and up to £48,800	9.50%
On earnings above £48,801	12.00%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of pay from 1 April 2015. Prior to this the accrual rate guarantees a pension based on 1/60th of final pensionable

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
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salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

REMUNERATION REPORT (Cont'd)

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a 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.

Pension Benefits of Senior Employees

Table 4: In-year contributions and accrued benefits

	For year to 31 March 2020			For year to 31 March 2019		
	In-year	Accrued pension benefits		In-year	Accrued pension benefits	
	Contribution	Pension	Lump Sum	contribution	Pension	Lump Sum
Name	£000	£000	£000	£000	£000	£000
David Thomson	20	50	88	21	46	86
Robert Nicol	17	32	47	17	29	45

1. The LGPS 2015 is a career average pension scheme. This means that pension benefits from 01/04/2015 are based on pensionable pay with inflation added. Pension is accrued at a rate of 1/49 of pensionable pay for each scheme year. Pension benefits can be accessed from age 55 but are reduced prior to 60th birthday. Pension benefits accrued before 1 April 2015 are protected and are based on final pay on retiring.
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. 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. You can retire and receive your benefits in full from your normal pension age. The normal pension age is 65 for any benefits built up before 1 April 2015. For pension build up from 1 April 2015, the Normal Pension Age is not fixed at age 65 but, instead, is the same as the State Pension Age (but with a minimum of age 65).
4. 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.
5. 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.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

Exit Packages

There were no exit packages during financial years 2019/20 and 2018/19.

REMUNERATION REPORT (Cont'd)

Trade Union Facility Time

Facility Time generates benefits for employees, managers and the wider community from effective joint working between union representatives and employers.

Details of the Facility Time within Dunbartonshire and Argyll & Bute Valuation Joint Board during the year to 31 March 2020 are shown in the table below.

Table 5: Trade Union

Trade Union Officials	Trade Union Representative
0	1
Percentage of Time Spent on Facility Time	
Percentage	Employees
Less than <1%	1
Total cost of facility time	
£225	
Total pay bill	
£2,215,784	
Percentage of Pay Bill Spent on Facility Time	
0.01%	
Paid TU Activities	
100%	



Councillor Richard Trail
Convenor of the Board
Date: 16 September 2020



David Thomson
Assessor and Electoral Registration Officer
Date: 16 September 2020

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

STATEMENT OF RESPONSIBILITIES

The Boards Responsibilities:

The Board is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Board has responsibility for the administration of those affairs. In this Board, that officer is the Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- approve the Annual Accounts for signature.

I confirm that the Annual Accounts were approved for signature by the Board at its meeting on 16 September 2020.

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



Councillor Richard Trail
Convenor of the Board
Date: 16 September 2020

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

STATEMENT OF RESPONSIBILITIES (Cont'd)

The Treasurer's Responsibilities:

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

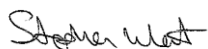
In preparing the Annual Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the Code of Practice on Local Authority Accounting in the United Kingdom.

The Treasurer has also:

- kept adequate 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 Financial Statements 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 2020.



Stephen West
Treasurer
Date: 16 September 2020

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

ANNUAL GOVERNANCE STATEMENT

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.

Governance Framework

The Board has approved and adopted a Code of Corporate Governance (the Code), a Code of Good Governance 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 aims to deliver good governance and reviews the effectiveness of these arrangements on an annual basis.

Delivering Good Governance in Local Government Framework, published by CIPFA in association with Solace in 2007 and update in 2016, sets the standard for local authority governance in the UK and applies to annual governance statements prepared for the financial year 2016/17 onwards.

While the Delivering Good Governance in Local Government Framework is written in a local authority context, most of the principles are applicable to the Joint Board, and on the recommendation of our external auditors, the Joint Board has adopted this process as part of its overall approach to governance.

In accordance with a Code of Good Governance which was approved by the Joint Board in March 2018, a self-assessment against the above CIPFA framework is completed annually and an Action Plan agreed. The Management Team regularly monitor progress against the actions in the Action Plan. The Local Code of Good Governance and the Action Plan can be found on the Board's website at: <https://www.saa.gov.uk/dab-vjb/best-value/>

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

ANNUAL GOVERNANCE STATEMENT (Cont'd)

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 statutory duties, 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 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, and 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;
- clearly defined capital expenditure guidelines; and
- an effective Internal Audit service.

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. Shared Services Audit and Fraud 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 Committee of the Council. This Committee meets regularly and receives reports from the Shared Services Audit & Fraud 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 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 2020;
- 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

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

- knowledge of the Valuation Joint Board's governance, risk management and performance monitoring arrangements.

ANNUAL GOVERNANCE STATEMENT (Cont'd)

Review of Effectiveness (Cont'd)

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 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 2020.

COVID – 19

The COVID-19 outbreak and the government restrictions on attending workplaces in March 2020 tested how well the risk management, governance and internal control framework is operating within the Board. Several processes, both operational and financial, which had previously relied on paper-based authorisations, were reviewed to enable them to be completed digitally/remotely but no significant issues arose and all statutory duties were maintained with minimum disruption. Similarly, the Valuation Joint Board meeting which was scheduled for June 2020 was, following consultation with the Clerk to the Board, facilitated virtually.

Annual Performance

Examples of developments which have led to significant improvement in arrangements for control, governance or risk management within the Joint Board during 2019/20 include:

- To improve compliance with best practice in relation to Data Protection and Records Management, the Joint Board's 'Data Information Asset Register' and 'Business Classification & Retention of Documents' were reviewed and updated.
- Induction and other training in financial, budgetary and procurement procedures was provided to the newly appointed Principal Administrative Officer to ensure that proper procedures, including Financial Regulations, are followed.
- An annual self-assessment against the CIPFA/Solace "Delivering Good Governance in Local Government: Framework" was carried out and an Action Plan approved by the Management Team.
- The Joint Board's Standing Orders, Financial Regulations and Scheme of Delegation were reviewed and updated to ensure alignment with current best practice, partner Council procedures and emerging procurement methods.
- The Joint Board's Service Level Agreement with West Dunbartonshire Council in respect of support services provided by the Council was reviewed and updated.
- A Joint Board Funding Working Group was convened to identify possible options to address the projected budget gaps. The group ensured a shared Member/officer focus on the delivery of efficiencies, options for future savings and service delivery and allowed each constituent Council to agree its contributions to the Board for 2020/21 early in the budget setting process.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

ANNUAL GOVERNANCE STATEMENT (Cont'd)

Annual Performance (Cont'd)

- A Workforce Plan, which formalises and records the internal and external factors affecting the required employee numbers, skill sets and training, necessary to deliver current and future service objectives was developed and approved.
- Several Personnel/HR-related Policies, including a Wellbeing Charter and the Pensions Discretions Policy were introduced or updated during 2019/20, ensuring alignment with current best practice and the support structures of West Dunbartonshire Council.
- The Financial Strategy, which covers a 10 year period and presents a number of scenarios, was updated and presented to the Board.
- The Joint Board's Induction Procedures were completely reviewed and updated to provide a clear consistent process to, and ensure clarity of responsibilities for, managers. The procedures also provide new employees with a sound introductory knowledge of the organisation and ensure adherence to key policies.

The following areas were identified by the Assessor for further improvements in 2020/21:

- To comply with the sections of the Non-Domestic Rates (Scotland) Act 2020, which were commenced with effect from April 2020, new processes and procedures around Assessor Information Notices, Civil Penalties and appeals against civil penalties will require to be implemented. To take advantage of an existing process and avoid duplication of effort, the collection and recovery of Civil Penalties will be facilitated through development of West Dunbartonshire Council's debtors systems.
- To comply with legislative reform to the annual electoral canvass and the extension of the franchise for certain elections, new processes and procedures, including upgraded ICT systems, for both the annual electoral canvass and the extension of the franchise will be implemented. A new Canvass Plan will be devised, the Electoral Participation Strategy will be reviewed and the Electoral Commission's Performance Reporting procedures implemented. In-house staff and canvasser Guidance and Training will also be reviewed.
- An Action Plan as agreed with the Auditor in respect of the 2019/20 Audit of the Joint Board's Risk Management regime and any improvements will be implemented, as appropriate.
- A revised training and development procedure, which includes management and appraisal of individual performance will be finalised, agreed and approved.
- Further consideration will be given to the Non-Domestic Rates (Scotland) Act 2020 and the 2022 Revaluation, particularly in light of the Act's commencement dates and the secondary legislation which will follow. As these become clearer the Management Team and internal NDR Reform Project Team will devise and amend procedures and systems accordingly. Recruitment to support reform will be completed in line with the approved Workforce Plan.
- A new Joint Board Comments and Complaint Procedure will be developed in line with the new Scottish Public Sector Ombudsman's revised Model Complaints Handling Procedure. Board approval sought for a revised procedure prior to implementation in April 2021.

ANNUAL GOVERNANCE STATEMENT (Cont'd)

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

Annual Performance (Cont'd)

- A post-incident review of the response to the COVID-19 outbreak will be completed and any lessons learned and actions will be reported to the Board.

Assurance

On the basis of the assurance provided, we consider the governance and internal control environment operating during 2019/20 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.



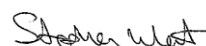
Councillor Richard Trail
Convenor of the Board

Date: 16 September 2020



David Thomson
Assessor & Electoral Registration
Officer

Date: 16 September 2020



Stephen West
Treasurer

Date: 16 September 2020

INTRODUCTION TO ANNUAL ACCOUNTS

The Annual Accounts comprise the following primary statements:

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

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.

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.

Balance Sheet

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

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
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Net Expenditure	Description	Notes	Net Expenditure
2018/19			2019/20
£000			£000
	Income		
(9)	Customer Receipts		(11)
	Expenditure		
2,792	Employee Costs	2	2,446
100	Property Costs		111
41	Transport Costs		44
242	Supplies & Services		250
35	Payment to Other Bodies		30
125	Support Services		123
13	Depreciation, Amortisation & Impairment	2/6/7	14
3,339	Net Cost of Service		3,007
(2,611)	Revenue Contributions	15	(2,735)
(66)	Government Grants	16	(77)
0	Capital Contributions	12	(29)
(2,677)	Other Operating Income		(2,841)
662	Net Operating Expenditure		166
1	Interest Payable		0
93	Net Interest on the net defined benefit liability/(assets)	4	129
94	Finance and Investment Income and Expenditure		129
756	(Surplus)/Deficit on provision of services		295
1,332	Remeasurement of the net defined benefit liability/(assets)	4	(2,362)
1,332	Other Comprehensive (Income) & Expenditure		(2,362)
2,088	Total Comprehensive (Income) & Expenditure		(2,067)

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

MOVEMENT IN RESERVES STATEMENT

2019/20

	Usable Reserves			Unusable Reserves			Total Reserves £000
	Fund Balance £000	Capital Requisition Unapplied Account £000	Capital Adjustment Account £000	Revaluation Reserve £000	Pension Reserve £000	Statutory Mitigation Account £000	
Opening Balance as at 1 April 2019	552	25	598	35	(5,217)	(16)	(4,023)
Movements in Reserves							
Surplus or (Deficit) on provision of Services	(295)	0	0	0	0	0	(295)
Other Comprehensive Income and Expenditure	0	0	0	0	2,362	0	2,362
Total Comprehensive Income and Expenditure	(295)	0	0	0	2,362	0	2,067
Adjustments between accounting basis & Funding Basis							
Depreciation	14	0	(14)	0	0	0	0
Pension Scheme Adjustment	335	0	0	0	(335)	0	0
Net Transfer to or from earmarked reserves required by legislation	7	0	0	0	0	(7)	0
Capital requisitions applied to fund capital expenditure	(29)	29	0	0	0	0	0
Capital requisitions unapplied adjustments between accounting basis and funding basis under regulations	0	(16)	16	0	0	0	0
Total Statutory Adjustments	327	13	2	0	(335)	(7)	0
Increase/Decrease in Year	32	13	2	0	2,027	(7)	2,067
Balance at 31 March 2020	584	38	600	35	(3,190)	(23)	(1,956)
Total Usable		622		Total Unusable		(2,578)	

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

MOVEMENT IN RESERVES STATEMENT

2018/19

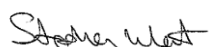
	Usable Reserves			Unusable Reserves			Total Reserves £000
	Fund Balance £000	Capital Requisition Unapplied Account £000	Capital Adjustment Account £000	Revaluation Reserve £000	Pension Reserve £000	Statutory Mitigation Account £000	
Opening Balance as at 1 April 2018	551	29	607	35	(3,140)	(17)	(1,935)
Movements in Reserves							
Surplus or (Deficit) on provision of Services	(756)	0	0	0	0	0	(756)
Other Comprehensive Income and Expenditure	0	0	0	0	(1,332)	0	(1,332)
Total Comprehensive Income and Expenditure	(756)	0	0	0	(1,332)	0	(2,088)
Adjustments between accounting basis & funding basis							
Depreciation/Impairment	13	0	(13)	0	0	0	0
Pension Scheme Adjustment	745	0	0	0	(745)	0	0
Net Transfer to or from earmarked reserves required by legislation	(1)	0	0	0	0	1	0
Capital requisitions applied to fund capital expenditure	0	(4)	4	0	0	0	0
Total Statutory Adjustments	757	(4)	(9)	0	(745)	1	0
Increase/Decrease in Year	1	(4)	(9)	0	(2,077)	1	(2,088)
Balance at 31 March 2019	552	25	598	35	(5,217)	(16)	(4,023)
Total Usable		577					
Total Unusable						(4,600)	

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

BALANCE SHEET AS AT 31 MARCH 2020

31 March 2019				31 March 2020	
£000	Notes			£000	
633	6	Property, plant and equipment		636	
0	7	Intangible Assets		0	
<u>633</u>		Total Long Term Assets		<u>636</u>	
682	8	Short Term Debtors		711	
<u>682</u>		Current Assets		<u>711</u>	
(121)	10	Short Term Creditors		(113)	
<u>(121)</u>		Current Liabilities		<u>(113)</u>	
(5,217)	4	Net Pensions Liability		(3,190)	
<u>(5,217)</u>		Long Term Liabilities		<u>(3,190)</u>	
<u>(4,023)</u>		Net Assets/(Liabilities)		<u>(1,956)</u>	
		Represented by:			
577	11/12	Usable Reserves		622	
(4,600)	13	Unusable Reserves		(2,578)	
<u>(4,023)</u>		Total Reserves		<u>(1,956)</u>	

The unaudited Financial Statements were issued on 19 June 2020 and the audited Annual Accounts were authorised for issued on 16 September 2020.



Stephen West
Treasurer
16 September 2020

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

CASH FLOW STATEMENT

2018/19		2019/20
£000		£000
	Operating Activities	
(2,677)	Grants	(2,812)
(9)	Sale of goods and rendering of services	(11)
<u>(2,686)</u>	Cash Inflows from Operating Activities	<u>(2,823)</u>
2,141	Cash paid to and on behalf of employees	2,249
540	Other payments for operating activities	587
<u>2,681</u>	Cash Outflows from Operating Activities	<u>2,836</u>
<u>(5)</u>	Net Cash Flows from Operating Activities	<u>13</u>
	Investing Activities	
4	Purchase of Assets	16
0	Other receipts from investing activities	(29)
<u>4</u>	Net Cash Flows from Investing Activities	<u>13</u>
	Financing Activities	
1	Interest Payable	0
<u>1</u>	Net Cash Flows from Financing Activities	<u>0</u>
<u>0</u>	Net (Increase)/Decrease in Cash and Cash Equivalents	<u>0</u>
0	Cash and cash equivalents at the beginning of the reporting period	0
0	Cash and cash equivalents at the end of the reporting period	0
<u>0</u>		<u>0</u>

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

NOTES TO THE ANNUAL ACCOUNTS

Note 1 - Accounting Policies

1. General Principles

The Annual Accounts summarise the Board's transactions for the 2019/20 financial year and its position at the year end of 31 March 2020. 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 2019/20 ("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.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

NOTES TO THE ANNUAL ACCOUNTS (Cont'd)

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.

4. Changes in Accounting policies, Estimates and Errors

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors requires disclosure of information on the expected impact of new accounting standards that have been issued but are not yet effective. These have been reviewed and are not deemed to be significant for the financial statements.

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.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years only.

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; and
- Amortisation of intangible fixed assets.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

Note 1 - Accounting Policies (Cont'd)

5. Charges to Revenue for non-current assets (Cont'd)

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.

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; and
- The initial estimate of costs for dismantling and removing the item and restoring the site on which it is located to its original state.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

Note 1 - Accounting Policies (Cont'd)

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

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; and
- 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.

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); or
- 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); or
- 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.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

Note 1 - Accounting Policies (Cont'd)

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

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.

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 Statement when the authority is demonstrably committed to provision of the termination benefits.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

Note 1 - Accounting Policies (Cont'd)

8. Employee 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 pension's 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 and projection of earnings for current employees),
- 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; and
- Split by Equity Securities, Debt Securities, Private Equity, Real Estate, Investment Funds, Derivatives, Cash.
- The change in the net pensions liability is analysed into six 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;

Note 1 - Accounting Policies (Cont'd)

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

Post-Employment Benefits (Cont'd)

- 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; and
- 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.

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; and
- 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. 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.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

Note 1 - Accounting Policies (Cont'd)

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 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.

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.

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.

11. 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.

12. VAT

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

Note 1 - Accounting Policies (Cont'd)

13. Reserves

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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 – Expenditure and Funding Analysis

The analysis of income and expenditure on the face of the comprehensive income and expenditure statement is that specified by the Service Reporting Code of Practice. However decisions about resource allocation are taken by the Board on the basis of reports that are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the revaluation reserve and amortisations are charged to the Board in the comprehensive income and expenditure statement); and
- the cost of retirement benefits is based on cash flows (payments of employer’s pension’s contributions) rather than current service cost of benefits accrued in the year.

The difference between the employee costs figure and the figure reported in the Comprehensive Income & Expenditure Statement is due to accounting adjustments for pensions and holiday pay accrual as detailed in the table below. These costs are year-end adjustments that are offset by corresponding transfers to the Balance Sheet and the Movement in Reserves Statement. None of the other rows within the Comprehensive Income & Expenditure Statement would be altered in the Expenditure and Funding Analysis and therefore have not been included in the table below.

2019/20	Net Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Employee Costs	2,233	213	2,446
Depreciation	0	14	14
Capital Income	0	(29)	(29)
Net Interest on the net defined benefit liability/(assets)	0	129	129
Total	2,233	327	2,560

Note 2 – Expenditure and Funding Analysis (Cont’d)

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2018/19	Net Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Employee Costs	2,141	651	2,792
Depreciation	0	13	13
Net Interest on the net defined benefit liability/(assets)	0	93	93
Total	2,141	757	2,898

Note 3 – Operating Leases

Board as Lessor

The Board leases out property under operating leases to provide suitable accommodation to Alpha Pets.

The minimum lease payments in future years are:

31 March 2019	31 March 2020
£000	£000
2 Not later than one year	2
0 Later than one year and not later than five years	3
0 Later than five years	0
<u>2</u>	<u>5</u>

Board as Lessee

The Board has acquired a number of photocopiers, scanner and letter openers by entering into operating leases.

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

31 March 2019	31 March 2020
£000	£000
5 Not later than one year	4
4 Later than one year and not later than five years	4
0 Later than five years	0
<u>9</u>	<u>8</u>

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Note 4 – 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 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 2019/20 is set at 23.3% and 2018/19 was 23.3%. In 2019/20, the Board paid an employer's contribution of £0.301m (2018/19 £0.316m).

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 retirals. There was no Severance or Strain on the Fund Payments during financial year 2019/20 (2018/19: £0).

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.

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Note 4 – Defined Benefit Pension Schemes (Cont'd)

2018/19		2019/20
£000		£000
	Net cost of services	
586	Current service cost	687
391	Past service cost (including curtailments)	(171)
<u>977</u>		<u>516</u>
	Financing and investment Income and Expenditure	
93	Net Interest	129
<u>93</u>		<u>129</u>
1,070	Total post-employment benefit charged to the Surplus or Deficit on the provision of Services	645
(687)	Return on plan assets	(1,485)
	Actuarial gains and losses arising on changes in financial	
2,018	Assumptions	(2,763)
0	Changes in demographic assumptions	(967)
1	Actuarial gains and losses arising on experience assumptions	(117)
<u>2,402</u>	Total post-employment benefit charged to the comprehensive income and expenditure statement	<u>(4,687)</u>
	Movement in Reserves Statement	
<u>(1,070)</u>	Reversal of net charges made to surplus of deficit for post-employment benefits	<u>(645)</u>
	Actual amount charged against the General Fund balance in the year	
<u>325</u>	Employer contributions payable to Scheme	<u>301</u>

The underlying assets and liabilities for retirement benefits attributable to the Board as at 31 March 2020 are as follows:

	2018/19 £000	2019/20 £000
Fair value of plan assets	22,409	21,366
Present Value of defined benefit obligations	(27,382)	(24,345)
Net (liabilities)/assets in the Strathclyde Pension Fund	<u>(4,973)</u>	<u>(2,979)</u>
<u>Present Value of Unfunded Liabilities</u>	(244)	(211)
Pre Local Government Reorganisation		
Net pension asset/(liability)	<u>(5,217)</u>	<u>(3,190)</u>

For the Strathclyde Local Government Pension Scheme at 31 March 2020 the Board has a net liability £2.979m and for the unfunded liabilities a net liability of £0.211m. The Board's net liability of £3.190m at 31 March 2020 reflects the future obligations to fund retirement benefits. This represents a decrease in the net liability of £2.027m compared to the position at 31 March 2019.

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 (4.2%) as at 31/03/20, this is a decrease from 5.9% as at 31/03/19.

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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.

Note 4 – Defined Benefit Pension Schemes (Cont'd)

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

2018/19 £000		2019/20 £000
24,361	Opening balance	27,626
586	Current service cost	687
391	Past service cost (including curtailments)	(171)
665	Interest cost	666
97	Contributions by Members	102
2,018	Actuarial gains/losses in financial assumptions	(2,763)
1	Other Experience	(117)
(9)	Estimated unfunded benefits paid	(9)
(484)	Estimated benefits paid	(498)
0	Changes in demographic assumptions	(967)
27,626		24,556

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

2018/19 £000		2019/20 £000
21,221	Opening balance	22,409
687	Expected return on assets	(1,485)
572	Interest Income	537
97	Contributions by Members	102
316	Contributions by employer	301
9	Contributions in respect of unfunded benefits	9
(9)	Estimated unfunded benefits paid	(9)
(484)	Estimated benefit paid	(498)
22,409		21,366

The Valuation Joint Board's share of the pension funds asset at 31 March 2020 comprised:

Asset Category	31 March 2020			31 March 2019		
	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	4,929	13	4,942	5,169	14	5,183
Debt Securities	670	0	670	703	0	703
Private Equity	0	2,553	2,553	0	2,678	2,678
Real Estate	0	1,934	1,934	0	2,029	2,029

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Investment funds and unit trusts	7,014	2,093	9,107	7,356	2,194	9,550
Derivatives	0	0	0	0	0	0
Cash and Cash Equivalent	1,100	1,060	2,160	1,154	1,112	2,266
Totals	13,713	7,653	21,366	14,382	8,027	22,409

Note 4 – Defined Benefit Pension Schemes (Cont'd)

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.

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

31 March 2020	
Expected rate of return	(4.2%)
Inflation/pension increase rate	1.9%
Salary increase rate	3.0%
Discount rate	2.3%

Mortality

Life expectancy is based on the Funds VitaCurves with improvements in line with the CMI 2018 model with an allowance for smoothing of recent mortality experience and long term rates of 1.5% p.a. for males and 1.25% for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	20.7 years	22.9 years
Future Pensioners	22.2 years	24.6 years

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:

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	Approximate % increase to Employer Liability	Approximate monetary Amount (£000)
Rate for discounting fund liabilities (0.5% decrease)	10%	2,532
Rate of salary increase (0.5% increase)	2%	558
Rate of pension increase (0.5% increase)	8%	1,924

The total employer contributions expected to be made to the Local Government Pension Scheme for 2020/21 is £352,000.

Note 5 – External Audit Costs

In 2019/20 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:

2018/19 £000		2019/20 £000
7	Fees payable for external audit services	7
<u>7</u>		<u>7</u>

Note 6 – Property, Plant and Equipment

	Land & Buildings	Plant & Equipment	Total
Movements in costs or values	£000	£000	£000
1 April 2018	621	142	763
Additions	0	4	4
31 March 2019	621	146	767
Additions	0	16	16
31 March 2020	621	162	783
Movements in depreciation and impairment			
1 April 2018	(8)	(118)	(126)
Depreciation charge	(3)	(5)	(8)
31 March 2019	(11)	(123)	(134)
Depreciation charge	(3)	(10)	(13)
31 March 2020	(14)	(133)	(147)
Net Book Value			
At 31 March 2019	610	23	633
At 31 March 2020	607	29	636

Revaluations

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The Board carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is re-valued at least every five years. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Note 7 – Intangible Assets

The Board accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include purchased licences.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Board. The useful lives assigned to software licences are: 5-10 years. The carrying amount of intangible assets is amortised on a straight-line basis

Note 7 – Intangible Assets (Cont'd)

The movement on Intangible Asset balances during the year is as follows:-

2018/19		2019/20
£000		£000
	Balance at start of year:	
9	Gross carrying amount	9
(5)	Accumulated amortisation	(9)
4	Net carrying amount at start of year	0
(2)	Amortisation for the period	0
2	Amortisation Written Out	0
0	Net carrying amount at end of year	0
	Comprising:	
9	Gross carrying amounts	0
(9)	Accumulated amortisation	0
0		0

Note 8 – Debtors

2018/19		2019/20
£000		£000
9	Other Entities and Individuals	8
673	Other Local Authorities	703
682		711

Note 9 – Cash and Cash Equivalents

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

2018/19		2019/20
£000		£000
0	Imprest	0
0		0

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Note 10 – Creditors

2018/19		2019/20
£000		£000
6	Central Government Bodies	18
100	Other Entities and Individuals	80
15	Other Local Authorities	15
121		113

Note 11 – 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.

Balances	£000
Opening Balance at 1 April 2019	552
Revenue Gains/(Losses) on the fund	32
Closing Balance at 31 March 2020	584
Earmarked Balances:-	
2020/21 Budget	(153)
ICT Consultancy (Civil Penalties)	(5)
Total Earmarked Balance	(158)
Total General Reserves (incl. £0.100m prudential reserve)	426

Note 12 – 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.

2018/19		2019/20
£000		£000
0	Contributions from Authorities	29
29	Unapplied Capital contributions b/forward	25
	Capital expenditure incurred during the year:	
(4)	Upgrade PC's	(6)
0	Servers	(10)
25	Unapplied Capital contributions c/forward	38

Note 13 – Unusable Reserves

2018/19		2019/20
£000		£000
598	Capital Adjustment Account	600
35	Revaluation Reserve	35

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(5,217)	Pension Reserve	(3,190)
(16)	Statutory Mitigation Account	(23)
(4,600)	Total Unusable Reserves	(2,578)

Note 13 – Unusable Reserves (Cont'd)

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 require 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,

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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.

Note 13 – Unusable Reserves (Cont'd)

Capital Requisition Unapplied Account

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

Note 14 – Contingent Assets & Liabilities

The Board has not identified any Contingent Assets and Liabilities.

Note 15 – Contributions from Authorities

Revenue 2018/19		Revenue 2019/20	
	£000		£000
	1,281	Argyll & Bute Council	1,363
	642	East Dunbartonshire Council	663
	688	West Dunbartonshire Council	709
	<u>2,611</u>		<u>2,735</u>

Note 16 – Government Grants

The Board received a total of £77,380 of government grants in 19/20 to continue with the delivery of Individual Electoral Registration.

2018/19		2019/20	
	£000		£000
	66	Cabinet Office	77
	<u>66</u>		<u>77</u>

Note 17 – Related Parties

It is a requirement of the Code that material transactions with related parties (i.e organisations 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 15.

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

Report on the audit of the financial statements

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of the Dunbartonshire and Argyll & Bute Valuation Joint Board for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cashflow Statement and Notes to the Annual Accounts, including a summary of significant accounting policies. 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 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the Dunbartonshire and Argyll & Bute Valuation Joint Board as at 31 March 2020 and of its income and expenditure 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 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 May 2019. The period of total uninterrupted appointment is two years. I am independent of the Dunbartonshire and Argyll & Bute Valuation Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Dunbartonshire and Argyll & Bute Valuation Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Dunbartonshire and Argyll & Bute Valuation Joint Boards ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Treasurer and Valuation Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Dunbartonshire and Argyll & Bute Valuation Joint Boards ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Valuation Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual accounts

The Treasurer and Assessor is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If,

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit
- I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Richard Smith CPFA

***DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020***

Audit Scotland
4th floor
8 Nelson Mandela Place
Glasgow
G2 1BT

16 September 2020