

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

JOINT BOARD MEMBERS AND OFFICIALS AS AT 31 MARCH 2017

ARGYLL AND BUTE COUNCIL

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

EAST DUNBARTONSHIRE COUNCIL

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

WEST DUNBARTONSHIRE COUNCIL

Councillor Jim Brown (Chair)
Councillor Jonathan McColl
Councillor Tommy Rainey
Councillor Kath Ryall
Councillor Hazel Sorrell

OFFICIALS

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

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GENERAL SERVICE AIMS AND OBJECTIVES

WHO WE ARE AND WHAT WE DO

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

OUR AIMS

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

COMMITMENTS

Within the constraints of the increasingly 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
- Working with our partners in the Scottish Assessors' Association to ensure Scotland-wide consistency of approach to service delivery

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1.0 INTRODUCTION

I am pleased to present the Joint Board's Management Commentary and Annual Accounts in relation to the 2016/17 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 (VJB). 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 provide information on the performance levels achieved in carrying out the statutory duties of the organisation.

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

2016/17 was a very busy year for the Assessor and ERO functions and the Board's employees.

Completion of the 2017 Non-Domestic Rating Revaluation was a primary focus for our valuation staff for much of the 2016/17 year, with preparations being carried out in parallel with general maintenance activities and the management and disposal of running roll appeals.

In relation to our Council Tax functions, the number of new dwellings added to the Council Tax Lists was slightly down on recent years and appeal activity remained, largely, at expected levels.

2016/17 was the second 'Business as Usual' year in relation to Electoral Registration activities since the introduction of Individual Electoral Registration (IER). Support for the Scottish Parliamentary elections held in May 2016, the Referendum on EU membership in June, preparations for the Local Government elections in May 2017 and various local Community Council elections all required significant resourcing.

The VJB Management Team continues to be the main forum for decision making within the organisation. It met regularly throughout 2016/17 to manage statutory functions and operations, and develop, implement and monitor policies and strategies.

The continuing financial pressure on the Joint Board's budget led to a review of staffing levels and several employees left us under voluntary early retirement and voluntary severance arrangements.

2.0 GENERAL PROGRESS IN RELATION TO STATUTORY FUNCTIONS

2.1 NON-DOMESTIC RATING

Aims

- To carry out a general Revaluation, normally every 5 years. In particular, plan to deliver a full set of draft Rateable Values to the Scottish Government by September 2016 and fully implement the Revaluation by 1st April 2017.
- To timeously compile and maintain the Valuation Roll in accordance with the relevant legislation, to take account of new properties, properties which should no longer be entered in the roll, properties which have been altered, changes to the parties shown in the Roll and other changes arising from statute or other decisions of the Courts.
- To issue Valuation Notices to the appropriate parties shown in the Valuation Roll. In particular, to issue Revaluation Notices to all relevant parties in March 2017.
- 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 Revaluation Roll, make it available to the rating authority, the Keeper of Records and other interested parties.
- To deal with appeals by discussion with ratepayers or their agents, or by hearing of appeals before the appropriate valuation appeal bodies.

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2.1 NON-DOMESTIC RATING (Cont'd)

2017 Revaluation

The 2017 Revaluation came into effect on 1st April 2017 based on a valuation date of 1st April 2015. The Revaluation was delivered entirely within statutory and in-house timetables with notable landmarks being:-

- Draft Net Annual and Rateable Values were provided to the Scottish Government for budget planning purposes in September 2016.
- Draft NAV/RVs were made available for public inspection at the Scottish Assessors web portal (saa.gov.uk) in December 2016, to coincide with the Finance Minister's budget statement.
- The Revaluation Rolls for each authority were 'made up' on 15th March 2017. At this point they were also passed to our constituent Councils for billing purposes and Revaluation Notices were issued to all Proprietors, Tenants and Occupiers.
- The Revaluation Rolls became effective on 1st April 2017.

It should be noted that the Revaluation was delivered at a time of increased pressure on resources and without the additional, specific funding which has been applied to some previous Revaluations. My thanks are due to all staff involved.

The Revaluation resulted in the following changes to the total Rateable Values of the Councils in the Joint Board area:-

	2010 Valuation Roll		2017 Valuation Roll	
	No. Of Subjects	Rateable Value	No. Of Subjects	Rateable Value
Argyll & Bute	8,502	£90,468,879	8,516	£109,930,634
West Dunbartonshire	2,894	£172,761,685	2,926	£185,733,135
East Dunbartonshire	2,362	£67,124,009	2,388	£68,990,965
DAB Total	13,758	£330,354,573	13,830	£364,654,734

The Assessor for Dunbartonshire and Argyll & Bute has a specific responsibility to value the statutorily 'designated' gas utility subjects for the whole of Scotland. These are entered in the Valuation Roll for West Dunbartonshire and the following are included in the above totals:-

Designated Subject	2010 NAV/RV	2017 NAV/RV
Transmission Network	£44,570,000	£36,800,000
Distribution Network	£42,000,000	£64,500,000
Meters	£8,300,000	£8,300,000
Total	£94,870,000	£109,600,000

The outcomes of the Revaluation were very mixed across different property sectors and geographical locations and those sectors which were negatively affected by the process ran particularly well organised publicity campaigns resulting in government intervention in the form of caps and reliefs. The extensive publicity and ratepayer reaction required additional direct liaison with ratepayers and their representative bodies both at local and national levels in the lead up to the Revaluation Roll coming into effect and this is expected to continue well into the Revaluation cycle.

Part 6 of the Land Reform (Scotland) Act 2016 removed the exemption from the Valuation Roll for Shooting Rights that had existed for some years. Consequently, Shooting Rights and Deer Forests are to be entered into Valuation Rolls with effect from 1st April 2017. Assessors, however, have certain scope to make entries in the valuation rolls retrospectively and this is going to be the case nationally for these subjects. Since the relevant part of the Land Reform Act was commenced, Assessors across Scotland have been engaging the sector, including issuing of questionnaires to gather information, and considering a scheme of valuation. Work in this respect is still on-going, recognising the imperative of ensuring that values are sufficiently informed and accurate. As a result, entries will be made in Valuation Rolls and Valuation Notices will be issued during the 2017/18 financial year.

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2.1 NON-DOMESTIC RATING (Cont'd)

Maintenance of the Valuation Roll

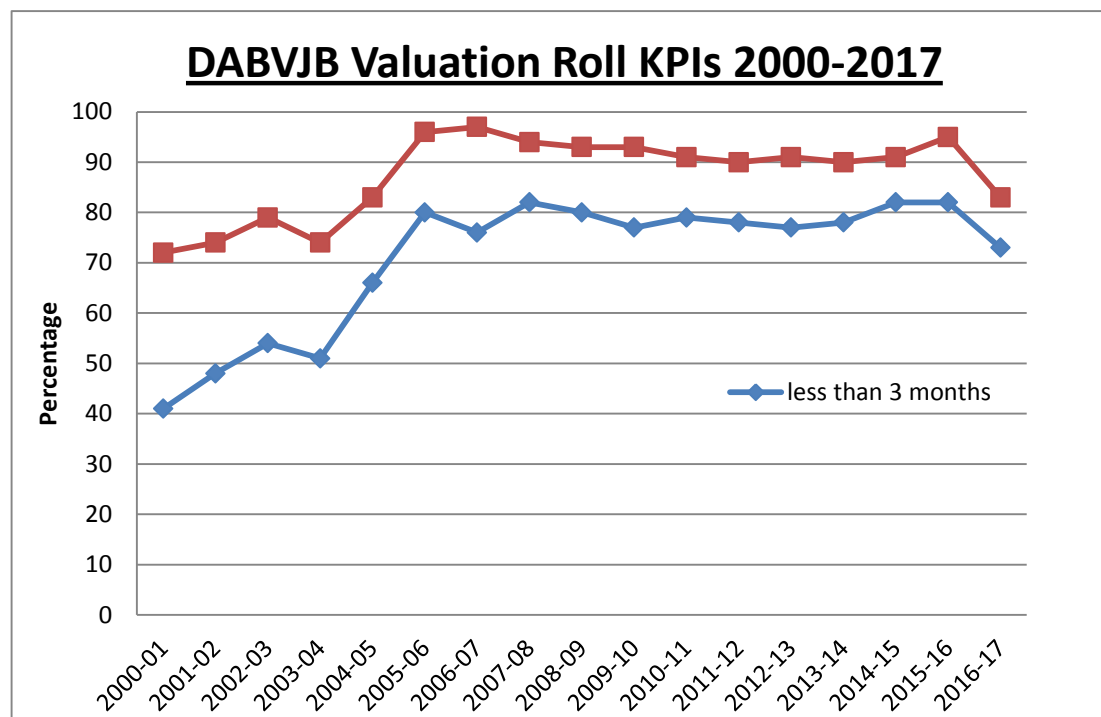
Throughout the year, professional and technical staff have been involved in the routine updating of the Valuation Roll to take account of additions, alterations and deletions. 848 amendments were made to the Valuation Roll during the year.

Total No of entries @ 1st April 2016	13,641
Total Rateable Value @ 1st April 2016	£330.0 million
Total Number of entries @ 31st March 2017	13,758
Total Rateable Value @ 31st March 2017	£331.1 million

The national Key Performance Indicator in relation to non-domestic valuation has been defined as the time taken from the date on which amendments to the Valuation Roll are effective to the date a Valuation Notice in respect of that change is issued. The following table sets out the target and actual performance information for 2016/17 compared with the actual figures for 2015/16:-

Period	Actual 2015/16	Target 2016/17	Actual 2016/17			
			Argyll & Bute	West Dunbartonshire	East Dunbartonshire	VJB Area
0-3 months	82%	83%	77%	71%	56%	74%
3-6 months	13%	12%	10%	8%	16%	10%
>6 months	5%	5%	13%	21%	28%	16%

Our performance over the period since 2000 is shown below:-



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2.1 NON-DOMESTIC RATING (Cont'd)

Maintenance of the Valuation Roll (Cont'd)

It is quite clear that the application of resources to the delivery of the Revaluation has adversely affected our performance in relation to maintenance functions. Further, we continue to receive notifications late in the year of changes which occurred much earlier in the year. Such situations give rise to 'delays' in altering the Valuation Roll and, to some extent at least, we have limited, or no, control over these instances.

We will, however, be reviewing procedures and heightening our monitoring efforts in the year ahead in a concerted effort to return performance levels to their previous high standards. This will be challenging, in light of reduced staffing levels, but it is a challenge which we must tackle.

2005 Revaluation and Running Roll Appeals

Most of the appeals which were outstanding at the start of the year related to telecommunication subjects. Progress in relation to these appeals has proven to be very difficult as the appellants' agents seem very reluctant to bring them to a conclusion. Towards the end of the year, however, some initial discussions did take place and there is hope for progress in the near future.

One appeal in respect of the Gas Distribution Network for Scotland (Rateable Value £31,880,000) was withdrawn, leaving 25 appeals outstanding in respect of the 2005 Revaluation cycle.

2010 Revaluation and Running Appeals

During the year, 116 appeals relating to the 2010 Valuation Roll were disposed of leaving 159 appeals outstanding at 31st March 2017. Of these, 38 appeals relate to the 2010 Revaluation and 121 relate to subsequent years. 100 appeals have been referred to the Lands Tribunal, with the majority being in relation to Mobile Telecommunication networks and Hydro Generation subjects. The latter are currently held at the Tribunal pending the decision in a sample of test cases which were heard by the Tayside Valuation Appeal Committee.

Barclay Review of Non-Domestic Rating

In March 2016 the First Minister announced a review of the non-domestic rating system. Established under the chairmanship of Mr Ken Barclay, former Chair of RBS Scotland, the review will consider how 'business' rates might better support business growth, respond to wider economic conditions and changing marketplaces and support long-term growth and investment.

The group made a call for submissions in July 2016 with a closing date of 7 October 2016. The Scottish Assessors Association made a submission to the group and has provided input to several evidence gathering sessions.

The Review group will report to Ministers in July 2017 and the Government has committed to reacting to its recommendations swiftly. It is clear from the topics covered by the review group that its members are interpreting their remit in the widest terms and there is a very real likelihood that its recommendations and the government's response to these, could have very far reaching implications for the role of the Assessors and, perhaps, even the future of the Joint Board.

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2.2 COUNCIL TAX

Aims

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

Maintenance of Valuation List

The year to 31st March 2017 saw 932 additions to the Council Tax List and a net increase in the number of dwellings shown in the Council Tax List as follows:-

Total Number of entries @ 1st April 2016	143,864
Total Number of entries @ 31st March 2017	144,388

The national Key Performance Indicator in relation to Council Tax has been defined as the time taken from the date on which additions to the Valuation List are effective to the date a Banding Notice in respect of that new entry is issued. The following table sets out the target and actual performance information for 2016/17 compared with the actual figures for 2015/16:-

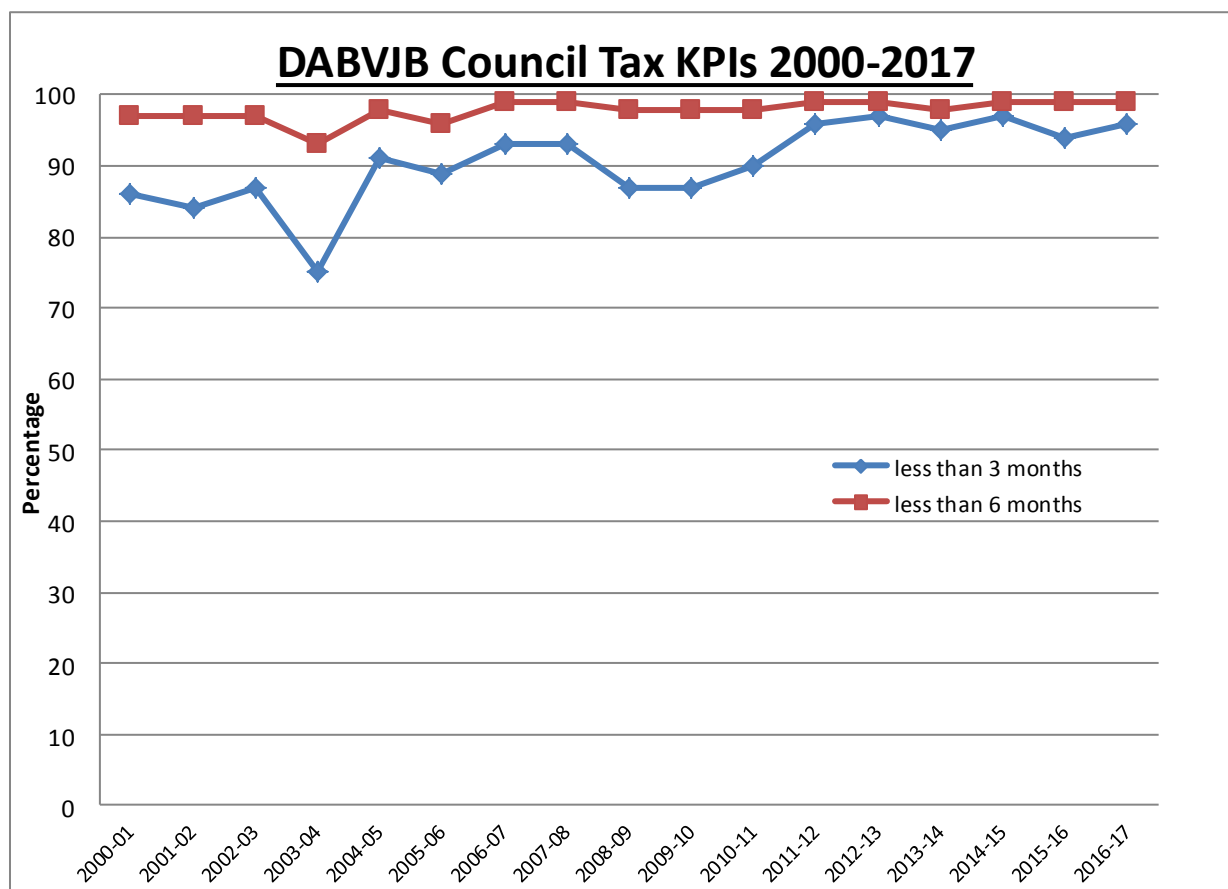
Period	Actual 2015/16	Target 2016/17	Actual 2016/17			
			Argyll & Bute	West Dunbartonshire	East Dunbartonshire	Whole VJB Area
0-3 months	94%	95%	97%	98%	96%	96%
3-6 months	5%	3%	2%	2%	3%	3%
>6 months	1%	2%	1%	0%	1%	1%

Thus our performance was improved over 2015/16 in relation to the 3 month target, and our targets at both 3 months and 6 months were exceeded.

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2.2 COUNCIL TAX (Cont'd)

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



Proposals and Appeals

During the year 220 proposals to change property Bands were received and 192 were disposed of.

The government’s introduction of new charging ratios for properties in Bands E to H has resulted in an increase in enquiries and proposals for houses in these bands. The effect has not proven to be excessively resource intensive to date but it has been a burden that was not previously planned for.

2.3 ELECTORAL REGISTRATION

Aims

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

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2.3 ELECTORAL REGISTRATION (Cont'd)

Electoral Registration and Publication of the Register

Following on from the transition to Individual Electoral Registration (IER) between September 2014 and December 2015, 2016/17 was the first full year under the new 'Business-as-usual' processes and procedures. IER is more expensive to operate than traditional registration. During 2015/16, with the IER Project being run down at the Cabinet Office (CO), the indications had been that no funding would be available from central government beyond that year. Late in 2015/16, however, the CO advised that funding would be made available and, under a new Modernising Electoral Registration Programme, it would continue to be made available, on a reducing basis, "for the period of this Parliament". Subsequently we received £93,761 in grant funding with the option to submit a Justification Led Bid if that proved to be insufficient to cover the additional costs of IER. In light of savings made in the canvass process (see later) 'additional' expenditure was contained within the amount of grant provided so no bid was submitted.

Grant funding has been assumed in the budget estimates for 2017/18 but, with a snap UK Parliamentary general election having very recently been called, it remains to be seen if the commitment to fund the additional costs is met by whatever new government is formed.

Our annual canvass commenced on 1st July with the issue of Household Enquiry Forms (HEFs), which replaced the annual canvass form. These forms can, however, no longer be used to effect change to the register. Instead, change notified on returned forms is to be treated as a piece of evidence which initiates the issue of an Invitation to Register (ITR) or other relevant documentation. Thus what was a single stage process for a whole household can now be a multi-stage process for each individual applicant.

The requirement to issue ITRs both during and outwith the annual canvass period partly removes the distinction between the two processes, thereby making reporting directly on the canvass much more difficult.

Notwithstanding the above, we issued the following HEFs, including reminders, during the canvass period with the majority of the 2nd reminders being issued via a door-to-door canvass as follows:-

	Initial issue	1st Reminder	2nd Reminder	%age Return
Argyll & Bute Council	48,536	19,685	12,187	85.47%
East Dunbartonshire	46,119	20,432	12,481	84.77%
West Dunbartonshire	45,079	24,874	17,715	71.7%
VJB Total	139,734	64,991	42,383	80.8%

The total response rate of 80.8% is significantly up on the return in the 2015 canvass (74.96%). The improvement appears to have resulted both from a better understanding of the new system amongst electors and improvements in the prescribed HEF and ITR forms which were used.

Several methods of making returns are provided to electors and a summary of the returns is shown below:

Method of Response	2015 Canvass		2016 Canvass	
	No of Returns	%age return	No of Returns	%age return
Post	51,022	36.79%	55,367	39.62%
Electronic (web/phone/SMS)	35,628	25.69%	40,482	28.97%
Phone/Email contact	2,681	1.94%	2,426	1.74%
Door-to-door canvass	9,752	7.03%	7,870	5.63%
Verified as second home/long term empty	3,541	2.55%	5,646	4.04%
Returned/Empty/ Other	1,343	0.97%	1,111	0.8%
Total	103,967	74.96%	112,902	80.8%

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2.3 ELECTORAL REGISTRATION (Cont'd)

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

Traditionally, the door-to-door canvass which follows up on non-responses to HEFs, involved canvassers visiting each household twice. This is beyond the statutory requirement and, in an effort to reduce the costs of the canvass, the 2016 door-to-door canvass was carried out on a 'pilot' basis by requiring only one visit.

The return of 7,870 forms via this process represents a 20.26% return on the 38,837 households which were visited. The return rate in 2015, which was completed on the basis of two visits was 19.92%. There, therefore, appears to be little justification for carrying out a second visit and future canvasses will be planned on a single visit basis.

The number of changes to the Register during the 2016 canvass period was as follows:-

Electoral Additions	11,026
Electoral Deletions	13,267

resulting in a total electorate of 221,078 at publication on 1st December.

This total electorate figure is up on the total at publication in December 2015 as follows:-

Year	No of Electors
2016	221,078
2015	218,668
2014	223,594
2013	221,453
2012	219,117
2011	217,065
2010	216,433
2009	215,460
2008	216,241
2007	218,875
2006	218,399

The full Electoral Register can only be provided for certain limited statutory purposes, while the 'Open Register' (also known as the 'Edited Register') can be sold to anyone for any purpose. Under IER electors who opt-out from the Open Register will remain opted out until they advise the ERO accordingly or they re-apply to be registered. At the end of the 2016 canvass the percentage of electors who had opted out was as follows:-

Year	Electors Opted out
2016	39.35%
2015	33.4%
2014	26.0%
2013	13.5%
2012	19.5%
2011	21.0%
2010	27.2%
2009	25.3%
2008	21.7%
2007	13.4%
2006	17.3%

The Registers which were published at 1st December reflected the new local government wards/boundaries which will take effect from the elections in May 2017.

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2.3 ELECTORAL REGISTRATION (Cont'd)

Absent Voters

Generally, the trend in numbers of absent voters on the register in recent years has been upwards but this was not the case at publication in December 2016, as is shown below:-

Year	No of Absent Voters
2016	37,764
December 2015	38,376
February 2015	34,525
2014	27,176
2012	29,501
2011	29,076
2010	27,365
2009	24,899
2008	23,095

Rolling Registration

Rolling Registration is the process of dealing with applications for changes to the Register which take place outwith the canvass period. During 2016/17 the numbers of rolling registration changes made were as shown below:

Local Authority	Additions	Deletions
Argyll & Bute	7,107	6,372
East Dunbartonshire	6,510	5,366
West Dunbartonshire	5,310	4,175
VJB Area	18,927	15,913

Historically, the annual canvass provided much more change to the registers than rolling registration but the above illustrates that this is no longer the case. Electoral events, and all the publicity surrounding them, now account for much of the annual change to registers.

IER requires a pro-active approach to change throughout the year and we have continued to use sources such as Council Taxpayer records, Education Authority data and house sales information to initiate the issue of ITRs.

Electoral Performance

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

In March 2016 the Electoral Commission published its standards which would apply to the new 'business-as-usual' regime. Our self-assessment is that we are either compliant with each of the standards or are in a position where we are continually updating and reviewing how we do comply. The EC requests evidence of compliance from a sample of EROs, annually, based on their own assessment of risk and, to date, we have not been asked to make such a submission.

Alongside the Performance Standards regime, the EC and the Cabinet Office have developed an extensive suite of reports on registration activity and register accuracy and completeness. Various reports were submitted to these bodies both during and immediately following publication of the registers.

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2.3 ELECTORAL REGISTRATION (Cont'd)

Elections and Referendum

During 2016/17 Electoral Registers were used for the purposes of the Scottish Parliament elections in May 2016 and the referendum on European Union membership in June 2016. Very few issues arose at either event in respect of the completeness or accuracy of the registers, though our preparations for the latter were significantly hampered by the failure of the Government's digital application service in the hours before the registration deadline. The subsequent extension to the deadline was universally supported but very poorly communicated to administrators, including EROs. Notwithstanding this lack of clarity, we dealt with the changes and all registers, absent voter's lists etc. were prepared in good time for the Counting Officers' purposes.

Towards the end of the financial year significant resource was being applied to the preparations for the local government election on 4 May, and the calling of a UK Parliamentary election for 8 June will require immediate planning internally, with Returning Officers and in line with Electoral Management Board guidance.

3.0 GENERAL PROGRESS IN RELATION TO OTHER MATTER

3.1 INFORMATION AND COMMUNICATIONS TECHNOLOGY

IT and Computer Provision

The Valuation Joint Board's IT Strategy provides direction and focus for the Joint Board as technology advances and the requirement for changes in processes continues. The strategy:-

- Supports the day to day business of the Board
- Assists in the delivery of a high quality service
- Identifies the competencies required for ICT support and development
- Helps maintain partnerships with stakeholders.

Computers and IT systems continue to be maintained and upgraded as required to meet operational needs and in accordance with the recommendations from West Dunbartonshire Council's ICT Service. During the year we purchased 10 PCs to replace obsolete devices. Further, a new Unix Server to host our 'Progress' valuation system and a Domain Controller (server) for each of our sites, which had been purchased in 2015/16, were successfully installed during the early part of 2016/17.

Issues regarding communication with, and connection to, our office in Campbeltown have been ongoing for some time now. The procurement of a fibre line was initiated some time ago but there are dependencies on the suppliers in terms of implementation and our supplier experience has been very frustrating. As 2016/17 finished, BT Open Reach had identified further issues preventing the immediate installation of cabling as ordered.

Our Electoral Management System was upgraded several times throughout the year to provide the functionality required.

The 'Progress' system which supports our valuation functions was further developed to help facilitate the 2017 Revaluation, both in terms of local delivery and the data sets required for the SAA web portal.

Scottish Assessors Association Web Site

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

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3.1 INFORMATION AND COMMUNICATIONS TECHNOLOGY (Cont'd)

The web portal was used as the vehicle for publishing draft 2017 Rateable Values in December 2016 and the full Revaluation Roll, as made up, went live on the morning of 1st April 2017.

Issues around data holding, sharing and supply were, again, to the fore throughout 2016/17 and there is a danger that these will affect not only the development of the portal but its' very future going forward the implications of the General Data Protection Regulation will also have to be considered.

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 2015/16 Public Performance Report was published during 2016/17 on our web site (www.dab-vjb.gov.uk).

Performance Management and Planning

The Management Team continues to be the main forum for planning and management of performance. In accordance with our Performance and Management Planning process, the following improvement actions were taken, or were ongoing, during 2016/17:

- A new 3-year Service Plan for the period 2017–2020 was drafted and will be presented to the Board for approval at the first meeting following the local government elections.
- A review of the Board's Comments and Complaints handling process, procedures and reporting system was carried out and the changes are ready for implementation in the 2017/18 year. This should permit better reporting of complaints outcomes and corporate learning from the Complaints system.
- A Review of the internal Budget Reporting Process was completed, including the implementation of a consistent approach to materiality/variance reporting. The revised reporting format allows improved reporting of corrective actions proposed and/or taken and increases the transparency and accountability in financial management.
- A Procurement Policy which complies with statute and aligns with West Dunbartonshire Council's procedures was developed, approved and implemented. A Contracts List is now published and maintained. In line with this, the Joint Board's Standing Orders and Financial Regulations were updated to reflect the new procedures.
- A review of staffing structures and a sweep for expressions of interest in Voluntary Early Retirement/Voluntary Severance resulted in future savings which reduce existing budget gaps and reduce financial risk.
- Data Sharing Agreements, which are in line with Data Protection Act requirements and the Information Commissioner's good practice guidance were developed and implemented with a number of relevant stakeholders.
- The approach to the annual electoral door-to-door canvass was reviewed resulting in the costs of the canvass being significantly reduced without detriment to the canvass return rates and effectiveness.

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

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3.2 BEST VALUE (Cont'd)

Audit

During the year, the final 2015/16 accounts of the Valuation Joint Board were subject to External Audit by Audit Scotland. The external auditor's Annual Audit report gave an unqualified opinion on the financial statements for the year to 31st March 2016 and no improvement actions were identified.

During the year Internal Audit initiated a review of our Electoral Registration Procedures, though the fieldwork required has been put on hold to avoid any interruption to the preparations for the local government elections.

The finances of the Joint Board for 2016/17 will be audited by Audit Scotland who completed initial investigations into systems during the year. An Audit Plan was completed which identified the main areas where they will direct scrutiny. These will be to ensure that:-

- Controls are in place to ensure that management cannot override financial controls
- Financial planning is adequate to meet future expenditure requirements.

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

Customer Satisfaction

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

- By far the majority of our stakeholders (97%) find us professional, courteous and helpful.
- 68% of queries or transactions are completed at the first point of contact and only 3% of matters are not concluded to the satisfaction of the stakeholder.
- Most users of Joint Board services (97%) are satisfied with the information and/or advice provided to them.
- Very high satisfaction levels are being maintained on a year-to-year basis.

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Survey Return Rate	25%	23%	28%	27%	21%	18%	19%
Was the person with whom you communicated professional, courteous and helpful?	98%	98%	97%	98%	99%	97%	97%
Was the matter brought to a satisfactory conclusion immediately?	58%	62%	58%	55%	67%	62%	68%
Was the matter brought to a satisfactory conclusion?	97%	98%	98%	96%	97%	96%	97%
Are you satisfied with the quality of the information or advice given to you?	96%	96%	96%	96%	97%	94%	97%

In an attempt to improve the return rates and to provide more opportunity for corporate learning from the process, there will be a review of the procedure during 2017/18 with the aim of implementing a new procedure in April 2018.

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

3.2 BEST VALUE (Cont'd)

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

Characteristic	Category	Percentage
Race	White	97.3%
	Non-white	2.7%
Gender	Male	42.3%
	Female	57.7%
Disability	Disabled	11%
	Able-bodied	89%
Sexual orientation	Heterosexual	98.2%
	Other	1.8%
Marital status	Married	61.6%
	Never Married	15.1%
	Other	23.3%
Age	16-21	1.6%
	22-30	7.5%
	31-40	7.0%
	41-50	17.1%
	51-60	24.1%
	61-65	18.7%
	66-70	10.2%
	70+	13.9%

Sample sizes within the various equalities groups were too small to draw firm conclusions but the results will continue to be monitored 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 a total of 14 Complaints received during 2016/17, compared to 21 in 2014/15 and 31 in 15/16, with 13 relating to Electoral Registration and 1 relating Council Tax. 11 complaints were resolved at the Frontline Resolution stage with 3 being escalated to the Investigation stage. None were referred to the Ombudsman.

The nature of the complaints received was very varied with virtually every case being unique. If there was any theme to the complaints it was that the Electoral Registration system has become ever more complex. It is acknowledged by administrators and legislators, alike, that the system is too complex and prescriptive and it is to be hoped that the Cabinet Office's Modernising Electoral Registration Programme delivers the sort of flexibility which will allow EROs to apply 'common sense', local decisions.

Complaints did highlight issues in our processing of Crown Servant electors and in the way we dealt with ineligible electors. In both cases our procedures were revised and training was provided.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
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3.2 BEST VALUE (Cont'd)

Financial Performance

Comprehensive Income and Expenditure Statement

This account covers the day to day operational expenditure of the Joint Board and is shown on page 30 of the Annual Accounts. The table below is a summary of the Joint Board's financial position at 31 March 2017.

	Budget	Actual	Variance
	£	£	£
Employee Costs	2,297,225	2,308,959	11,734
Property Costs	136,178	117,716	(18,462)
Transport Costs	50,000	43,881	(6,119)
Supplies & Services	294,056	244,726	(49,330)
Payment to Other Bodies	30,000	34,924	4,924
Support Services	130,667	130,667	0
Other Costs (Interest)	(100)	(68)	32
Total Expenditure	2,938,026	2,880,805	(57,221)
Requisition Income	2,664,460	2,664,461	(1)
Grant Income	0	93,760	(93,760)
Rental Income	1,800	1,800	0
Sales, Fees & Charges	4,000	3,265	735
Total Income	2,670,260	2,763,286	(93,026)
(Surplus)/Deficit for the year	267,766	117,519	(150,247)

The Joint Board returned a deficit of £117,519 for the financial year 2016/17, compared to a budgeted position which anticipated a planned deficit of £267,766 to be funded from reserves. This deficit figure excludes accounting adjustments relating to depreciation, pensions and accrued employee benefits.

The difference between the employee costs figure and the figure reported in the Comprehensive Income & Expenditure Statement is due to accounting adjustments. These adjustments are showing on page 42 under Note 2 - Expenditure and Funding Analysis.

The main budget variances are showing below:-

	Variance	Comments
	£	
Property	18,462	This underspend is mainly due to lower than anticipated expenditure on rates, energy and accommodation costs.
Supplies & Services	49,330	This underspend is across a number of headings (such as machine lease, computer licences, telephones, printing & stationery).
Income	93,760	Grant income was more than anticipated.

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3.2 BEST VALUE (Cont'd)

Financial Performance (Cont'd)

Balance Sheet

The balance sheet is shown on page 33 and features an assessed pension fund liability of £7.254m based on the valuation of the fund at 31 March 2017. 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 44 to 47 and the valuation states that assets held at the valuation date were sufficient to cover only 74% 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.

From April 2016, arising from changes in pension's legislation, the payments that the Joint Board makes in respect of Employer's National Insurance contributions will increase. These changes, which are beyond the control of the officers of the Joint Board, make it all the more challenging to close the year-on-year budget gaps which have been projected. The issue must be dealt with, however, and addressing the budgetary shortfall, against a background of a generally tightening budgetary position, will need to form a major focus for the both the Officers and Members of the Joint Board during 2017/18.

The pension scheme net liability has increased by £3.018m as advised by the appointed actuaries. The appointed actuaries remain of the view that the asset holdings of Strathclyde Pension Scheme and the contributions from employees and employers together with planned increases in employer' contributions provide sufficient security and income to meet future pension liabilities.

General Reserves

At their Board meeting on the 16 November 2012, the Board approved a Balance and Reserves Policy. The Board's Prudential Reserves Policy is to retain a prudential target of 2% of net expenditure i.e. constituent authority requisition level (16/17 £53,289) or £100,000, whichever is higher.

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

As at 31 March 2017 the Board held total usable reserves of £512,897 (of which £16,993 relates to unapplied capital reserves) with the remaining balance comprising revenue reserves of £495,904. A proportion of this is identified as an earmarked balance (£80,824) and once this has been accounted for leaves £415,080 of general reserves for future use (including £100,000 prudential reserve above).

The Joint Board recognises the difficult financial climate facing public services and has continued to seek efficiencies where possible. This allowed the Board to maintain requisition levels in 2016/17 at 2015/16 levels. The level of requisition for 2017/18 was reduced by 2% and as a result planned draws on the reserves, together with service delivery efficiencies, will be required to ensure that a balanced budget is delivered for 2017/18. 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 2018/19 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.

Service Changes and Future Developments

There were no changes to the statutory functions the Board undertakes.

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

3.2 BEST VALUE (Cont'd)

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.

Risk Management

The Joint Board’s 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
- The financial and service performance risks associated with static or reduced funding levels.
- The potential for the Board to cease to exist in its current form arising from the Barclay Review, potential changes to Council Tax legislation or any combination of these factors.
- The imminent loss of the file storage facility at Witchburn Road, Campbeltown.
- The dependency of the Joint Board on ICT for delivery of its statutory functions and service delivery.

Notably, the exceptional rate of change in Electoral Registration in recent years has reduced for the foreseeable future resulting in the risks arising from such change being removed from the Board Risk Register.

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

3.3 EQUALITIES

The Joint Board’s Management Team is committed to ensuring equality in all that it does.

Arising from the Specific Duties which were established by the Scottish Government subsequent to The Equality Act 2010, the Joint Board established that its 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 member of our community and our staff treat all service users, clients and colleagues with dignity and respect.

In April 2017 we published a report which reports that the number of our staff who identified themselves as having a disability has increased significantly since the base line survey, thereby indicating progress against the first stated Outcome.

As indicated above, our Customer Satisfaction results are inconclusive in respect of service provision across the protected characteristics in 2016/17. Looking at results over a longer period, however, indicates that we are providing fair and equitable services to all parts of our communities.

The report also includes analysis of various staffing related matters across the equalities strands.

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3.4 STAFFING MATTERS

Development and Training

The Board's Staff Development and Training procedures provide for a structured and strategic provision of training and development opportunities for all other members of staff. Each employee reviews their training needs with their line manager on an annual basis and the resultant Training and Development Plan is used to inform the provision of training throughout the year.

In 2016/17 training was provided through externally sourced courses, in-house training events and e-learning facilities in a range of subjects including various aspects of Electoral Registration, First Aid, Door-to-door canvass procedures, Procurement, Change Management, Non-Domestic Rating Case Law, Equalities Reporting and Data Protection. A 'Core' training programme has been established and this requires staff to complete refresher training in various topics. Issues have arisen, however, in respect of access to the e-learning facility through which this training is delivered and efforts are on-going to resolve these.

Formal external training is ongoing for two Trainee Valuers and one Trainee Technician.

Personnel Policies

During the year, and in line with the approach in West Dunbartonshire Council, the Board also approved a Bereavement Leave Scheme and an Enhanced Leave Scheme, both of which will provide employees with options to enable them to better manage their work/life balance.

Voluntary Early Retirement and Voluntary Severance

In June 2016, and in recognition of the funding gaps being projected in the Board's indicative budgets, the Joint Board agreed that the Assessor should undertake an exercise to identify employees who may be interested in Voluntary Early Retirement/Severance (VER/S) on similar terms to those prevailing in West Dunbartonshire Council.

Following due process which involved a review of staffing structures and consultation with both staff and their representatives, 2 employees retired early and 2 left under voluntary severance terms. These changes which were achieved at a one-off cost of £132,774 provide salary and on-cost savings of approx. £137,376 in 2017/18, £138,715 in 2018/19 and £140,070 in 2019/20.

3.5 FREEDOM OF INFORMATION

The Joint Board's 'Guide to Information' was updated and maintained as required with relevant documents available from <http://www.dab-vjb.gov.uk/freedom-of-information/>.

A 'business as usual' approach has been taken to the majority of requests for information received, but in the calendar year to December 2016, 17 requests which specifically referred to the Freedom of Information Act were received.

Eight requests received related to Electoral Registration, a function which is not currently covered under the FoI legislation. However, in the spirit of applying best practice, these requests were responded to as if they had been covered by the legislation. Nine requests related to Valuation and in the vast majority of cases the information requested was supplied in full.

All requests were answered within the statutory timescales with the average response time being just over 8 days. There were no requests for Reviews. Dealing with requests took in excess of 42 hours of staff time and no fees were charged.

We now provide quarterly reports on requests received and their outcomes to the Information Commissioner.

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3.6 PARTNERSHIPS

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

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

During 2016/17 the Association was involved in consultations relating to legislation in all three main areas of function and made submissions to the Barclay review of non-domestic rates. The Association liaised regularly with the Scottish Government in relation to delivery of the 2017 Revaluation and stakeholder engagement across the rate paying community.

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

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

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 and the Service Level Agreement under which these are provided was revised in February 2017. I would like to extend my thanks to all relevant WDC officials including the Treasurer and Clerk to the Board and their staff.

3.7 RECORDS MANAGEMENT

The Public Records (Scotland) Act 2011 came fully into force in January 2013. The Act requires public authorities to prepare and implement a Records Management Plan (RMP). The RMP sets out proper arrangements for the management of records within the Board.

In February 2016 the Keeper of the Records approved the Joint Board's RMP and agreed an improvement action plan which the Board has continued to implement throughout 2016/17.

3.8 RE-USE OF PUBLIC SECTOR INFORMATION

The Re-use of Public Sector Information Regulations 2015 provide a public right to re-use information that public sector bodies must produce, hold, collect or disseminate within their 'public task'.

Whilst the posts of Assessor & ERO are not public sector bodies for the purposes of the Regulations, it is clear that Valuation Joint Boards are covered by them. The Board therefore approved:

- An Information Asset List for general publication
- A Procedure for requesting re-use of public information, including a Complaints Procedure for dealing with any concerns in respect of the way requests for re-use have been handled by the Joint Board.

To date, no requests for re-use have been received by the Joint Board.

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4.0 CONCLUSION

The major focus on the valuation side of our operations was the preparation for the 2017 Revaluation with all targets in relation to completing the Revaluation having been met. The public reaction to the Revaluation has been very mixed and it is likely that significant efforts will be required to review schemes of valuation and justify rateable values in the appeal process which lies ahead. The focus on the Revaluation, along with various other factors, had a direct impact on our performance in relation to maintenance work in respect of Valuation Rolls with performance levels down on recent years. A return to previous levels of performance will be a focus throughout 2017/18.

Maintenance of Council Tax Lists also continued throughout the year and performance levels were maintained at high levels in respect of this function.

After several years of turbulence in Electoral Registration, 2016/17 was one of relative normality. The canvass had an improved return, the electorate was up at publication and satisfactory registers were provided for the Scottish Parliamentary Election and the Referendum on EU membership.

During the year steps were taken to reduce the existing budget gap. These included a sweep for voluntary redundancies/early retirements and a revised approach to the door-to-door canvass which brought about significant savings. Gross expenditure in the financial year was down on 2015/16 and unbudgeted grant funding was received meaning that less of our reserve had to be used to meet the budget gap than had been planned.

I would like to take this opportunity to thank all staff and management for their endeavour, effort and co-operation throughout the year. I would wish to extend that gratitude to the staff within West Dunbartonshire Council who have supported the Joint Board in any way throughout the year.

My thanks are also due to the Joint Board and, in particular, the Convenor and Vice Convenor for their continued support.

Signed:	<u>David Thomson</u> Assessor and Electoral Registration Officer	Signed :	<u>Stephen West</u> Treasurer
Date:	<u>23 June 2017</u>	Date:	<u>23 June 2017</u>

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
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REMUNERATION REPORT

Introduction

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

Arrangements for Remuneration

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

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

Remuneration

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

Remuneration of Senior Employees

	Year ended 31 March 2017					2015/2016
	Gross Salary, Fees & Allowances £	Bonuses £	Taxable Expenses £	Non-cash expenses & benefits in-kind £	Total remuneration £	Total remuneration £
David Thomson Assessor & Electoral Registration Officer	95,832	0	0	0	95,832	95,114
Robert Nicol Depute Assessor	76,707	0	0	0	76,707	76,090

Notes

1. The term *senior employee* means any Board employee:
 - o Who has responsibility for the management of the local authority to the extent that the person has the power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons; or
 - o Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
 - o Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

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REMUNERATION REPORT (Cont'd)

Remuneration of Employees receiving more than £50,000

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

Remuneration Bands £	Number of Employees	
	2016/2017	2015/2016
50,000 - 54,999	2	3
70,000 - 74,999	1	1
90,000 - 94,999	1	1
Total	4	5

Pension Benefits

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

PENSION BENEFITS OF SENIOR EMPLOYEES

In-year pension contributions (employers)

	For year to 31 March 2017 £	For year to 31 March 2016 £
David Thomson	26,300	18,108
Robert Nicol	14,174	14,486

	Accrued pension benefits – pension		Accrued pension benefits – lump sum	
	For year to 31 March 2017 £	For year to 31 March 2016 £	For year to 31 March 2017 £	For year to 31 March 2016 £
David Thomson	41,285	38,944	83,656	82,827
Robert Nicol	27,046	23,646	58,035	43,746

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PENSION BENEFITS OF SENIOR EMPLOYEES (Cont'd)

1. The LGPS is a “final salary” scheme and provides defined benefits on retirement for employee of the Board. The pension is based on the pensionable service (how long he or she has been a member of the LGPS) and his or her final pay. For most people, for service up to 31 March 2009, the annual pension is calculated by dividing their final pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. Pensions payable are increased annually in line with changes in the Consumer Price Index (CPI).
2. The lump sum, which is automatically paid when the person retires for service up to 31 March 2009, is three times his or her annual pension and is tax-free. There is no automatic lump sum for service after 31 March 2009. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.
3. A member’s contribution depends on his or her full-time equivalent pay and is payable at the rate on the following tranches of pay- up to and including £20,500 5.50%; above £20,500 and up to £25,000 7.25%; above £25,000 and up to £34,400 8.50%; above £34,400 and up to £45,800 9.50%; and above £45,800 12.00%.
4. The value of the accrued benefits in the above tables has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension age for members of the LGPS is 65.
5. The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government’ service, and not just their current appointment
6. The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 make provision for authorities to make discretionary payments to local government employees to pay compensation for premature retirement. There were no discretionary payments made to senior employees during the year.

Signed:	<u>David Thomson</u> Assessor and Electoral Registration Officer	Signed :	<u>Stephen West</u> Treasurer
Date:	<u>23 June 2017</u>	Date:	<u>23 June 2017</u>

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

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 one of its officers has the responsibility for the administration of those affairs. In this Board, that officer is the Treasurer and
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

I can confirm that the Draft Annual Accounts were approved for signature by the Board at its meeting on 23 June 2017.

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

David Thomson
Assessor and Electoral Registration Officer
Date: 23 June 2017

The Treasurer's Responsibilities:

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

In preparing the Statements of Accounts, the Treasurer has:

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

The Treasurer has also:

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

I certify that the Draft Annual Accounts give a true and fair view of the financial position of the Board at the reporting date and the transactions of Board for the year ended 31 March 2017.

Stephen West
Treasurer
Date: 23 June 2017

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

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.

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

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

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

The Board's Governance Framework

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

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

The overall control arrangements include:

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

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

ANNUAL GOVERNANCE STATEMENT (Cont'd)

Review of Effectiveness

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

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

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

- the work of managers within both the Joint Board and West Dunbartonshire Council who have responsibility for the development and maintenance of the financial control framework;
- the work undertaken by West Dunbartonshire Council's Internal Auditors during the year to 31 March 2016;
- the assessment of risk completed during reviews of the strategic audit plan;
- reports issued by the Valuation Joint Board's External Auditors and other review bodies; and
- knowledge of the Valuation Joint Board's governance, risk management and performance monitoring arrangements.

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

We are satisfied that the Valuation Joint Board has in place a sound system of internal financial control and that appropriate mechanisms are in place to identify any areas of weakness and to take appropriate action. This is corroborated by an Annual Assurance Statement prepared by the Audit and Risk Manager stating that reasonable assurance can be placed upon the adequacy and effectiveness of the Joint Board's internal control system in the year to 31 March 2017.

Performance Management

Examples of developments which have led to significant improvement in arrangements for control, governance or risk management within the Joint Board during 2016/17 include:

- A review of the Board's Comments and Complaints handling process, procedures and reporting system was carried out the changes are ready for implementation in April 2017. This should permit better reporting of complaints outcomes and corporate learning from the Complaints system.
- A Review of the internal Budget Reporting Process was completed, including the implementation of a consistent approach to materiality/variance reporting. The revised reporting format allows improved reporting of corrective actions proposed and/or taken and increases the transparency and accountability in financial management.
- A Procurement Policy which complies with statute and aligns with West Dunbartonshire Council's procedures was developed, approved and implemented. A Contracts List is now published and maintained. In line with this, the Joint Board's Standing Orders and Financial Regulations were updated to reflect the new procedures. Together these improve the transparency and accountability of the procurement journey and provide clear frameworks within which officers must operate.
- A review of staffing structures and a sweep for expressions of interest in Voluntary Early Retirement/Voluntary Severance resulted in savings which reduce existing budget gaps and reduce financial risk into the future.
- Data Sharing Agreements, which are in line with Data Protection Act requirements and the Information Commissioner's good practice guidance were developed and implemented with a number of relevant stakeholders.
- The approach to the annual electoral door-to-door canvass was reviewed resulting in the costs of the canvass being significantly reduced without detriment to the canvass return rates and effectiveness.

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

ANNUAL GOVERNANCE STATEMENT (Cont'd)

Performance Management (Cont'd)

The following areas were identified by the Assessor for further improvements in 2017/18:-

- The connectivity to the Joint Board's Campbeltown office will be improved by migrating to fibre optic communications cabling. This should improve the capability and reliability of our ICT systems. This work was originally planned for 2016/17 but issues with contractors resulted in delays.
- Following a full review of our contingency and disaster recover requirements in relation to the electoral registration service, a new disaster recovery server will be installed and procedures for recovery from failure will be implemented.
- The on-going migration of shared files to a regulated shared drive, with naming and security protocols in place, will improve our Records Management procedures in accordance with Improvement Plan previously agreed with The Keeper
- A full review of our Data Protection policy, processes, procedures and responsibilities will be undertaken during 2017/18 to ensure compliance when the new General Data Protection Regulation comes into force in mat 2018.

Assurance

On the basis of the assurance provided, we consider the governance and internal control environment operating during 2016/17 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

Signed: David Thomson
Assessor and Electoral Registration
Officer

Signed : Stephen West
Treasurer

Date: 23 June 2017

Date: 23 June 2017

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

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

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
DRAFT MANAGEMENT COMMENTARY AND ANNUAL ACCOUNTS**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2015/16 Gross Expenditure £	2015/16 Gross Income £	2015/16 Net Expenditure £	Notes	2016/17 Gross Expenditure £	2016/17 Gross Income £	2016/17 Net Expenditure £
0	(27,823)	(27,823)		0	(5,065)	(5,065)
				Income		
				Customer Receipts	0	(5,065)
				Expenditure		
2,422,830	0	2,422,830	2	Employee Costs	2,410,434	0
104,374	0	104,374		Property Costs	117,716	0
45,644	0	45,644		Transport Costs	43,881	0
289,493	0	289,493		Supplies & Services	244,726	0
32,503	0	32,503		Payment to Other Bodies	34,924	0
133,334	0	133,334		Support Services	130,667	0
20,722	0	20,722		Depreciation, Amortisation & Impairment	121,238	0
3,048,900	(27,823)	3,021,077	6/7	Net Cost of Service	3,103,586	(5,065)
		(2,664,460)	15	Revenue Contributions		(2,664,461)
		(139,809)	16	Government Grants		(93,760)
		(2,804,269)		Other Operating Income		(2,758,221)
		216,808		Net Operating Expenditure		340,300
		370		Interest Payable		0
		0		Interest Earned		(68)
		199,000	4	Net Interest on the net defined benefit liability/(assets)		150,000
		0		Capital Contributions		(30,475)
		199,370		Finance and Investment Income and Expenditure		119,457
		416,178		(Surplus)/Deficit on provision of services		459,757
		(2,283,000)	4	Remeasurement of the net defined benefit liability/(assets)		2,756,000
		0		(Surplus)/Deficit arising on the revaluation of Property, Plant and Equipment		559
		(2,283,000)		Other comprehensive Income & Expenditure		2,756,559
		(1,866,822)		Total Comprehensive Expenditure		3,216,316

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

MOVEMENT IN RESERVES STATEMENT

2016/17

	Usable Reserves		Unusable Reserves				Total Reserves £
	Fund Balance £	Capital Requisition Unapplied Account £	Capital Adjustment Account £	Revaluation Reserve £	Pension Reserve £	Statutory Mitigation Account £	
Opening Balance as at 1 April 2016	613,423	19,993	717,356	34,802	(4,236,000)	(26,554)	(2,876,980)
Movements in Reserves							
Surplus or (Deficit) on provision of Services	(459,757)	0	0	0	0	0	(459,757)
Other Comprehensive Income and Expenditure		0	0	(559)	(2,756,000)	0	(2,756,559)
Total Comprehensive Income and Expenditure	(459,757)	0	0	(559)	(2,756,000)	0	(3,216,316)
Adjustments between accounting basis & funding basis							
Depreciation/ Impairment	121,238	0	(121,238)	0	0	0	0
Pension Scheme Adjustment	262,000	0	0	0	(262,000)	0	0
Adjustment between CAA and Revaluation Reserve for Depreciation that is related to Revaluation Balance rather than Historic Cost	0	0	(840)	840	0	0	0
Net Transfer to or from earmarked reserves required by legislation	(10,525)	0	0	0	0	10,525	0
Capital requisitions applied to fund capital expenditure	(30,475)	0	30,475	0	0	0	0
Capital requisitions unapplied adjustments between accounting basis and funding basis under regulations	0	(3,000)	3,000	0	0	0	0
Total Statutory Adjustments	342,238	(3,000)	(88,603)	840	(262,000)	10,525	0
Increase/Decrease in Year	(117,519)	(3,000)	(88,603)	281	(3,018,000)	10,525	(3,216,316)
Balance at 31 March 2017	495,904	16,993	628,753	35,083	(7,254,000)	(16,029)	(6,093,296)
Total Usable		512,897	Total Unusable			(6,606,193)	

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

MOVEMENT IN RESERVES STATEMENT

2015/16

	Usable Reserves		Unusable Reserves				Total Reserves £
	Fund Balance £	Capital Requisition Unapplied Account £	Capital Adjustment Account £	Revaluation Reserve £	Pension Reserve £	Statutory Mitigation Account £	
Opening Balance as at 1 April 2015	596,343	50,550	707,521	34,802	(6,115,000)	(18,018)	(4,743,802)
Movements in Reserves							
Surplus or (Deficit) on provision of Services	(416,178)	0	0	0	0	0	(416,178)
Other Comprehensive Income and Expenditure	0	0	0	0	2,283,000	0	2,283,000
Total Comprehensive Income and Expenditure	(416,178)	0	0	0	2,283,000	0	1,866,822
Adjustments between accounting basis & funding basis							
Depreciation/ Impairment	20,722	0	(20,722)	0	0	0	0
Pension Scheme Adjustment	404,000	0	0	0	(404,000)	0	0
Net Transfer to or from earmarked reserves required by legislation	8,536	0	0	0	0	(8,536)	0
Capital requisitions applied to fund capital expenditure	0	(30,557)	30,557	0	0	0	0
Total Statutory Adjustments	433,258	(30,557)	9,835	0	(404,000)	(8,536)	0
Increase/Decrease in Year	17,080	(30,557)	9,835	0	1,879,000	(8,536)	1,866,822
Balance at 31 March 2016	613,423	19,993	717,356	34,802	(4,236,000)	(26,554)	(2,876,980)
Total Usable		633,416	Total Unusable		(3,510,396)		

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

BALANCE SHEET

2015/16 £	Notes		2016/17 £
745,296	6	Property, plant and equipment	658,646
7,196	7	Intangible Assets	5,523
<u>752,492</u>		Total Long Term Assets	<u>664,169</u>
726,308	8	Short Term Debtors	596,296
400	9	Cash and Cash Equivalents	400
<u>726,708</u>		Current Assets	<u>596,696</u>
(120,180)	10	Short Term Creditors	(100,161)
<u>(120,180)</u>		Current Liabilities	<u>(100,161)</u>
(4,236,000)	4	Net Pensions Liability	(7,254,000)
<u>(4,236,000)</u>		Long Term Liabilities	<u>(7,254,000)</u>
<u>(2,876,980)</u>		Net Assets/(Liabilities)	<u>(6,093,296)</u>
		Represented by:	
633,416	11/12	Usable Reserves	512,897
(3,510,396)	13	Unusable Reserves	(6,606,193)
<u>(2,876,980)</u>		Total Reserves	<u>(6,093,296)</u>

The unaudited Financial Statements were issued on 23 June 2017.

Stephen West
Treasurer
23 June 2017

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

CASH FLOW STATEMENT

2015/16			2016/17
£	Notes		£
		Operating Activities	
(2,804,269)		Grants	(2,758,221)
(27,823)		Sale of goods and rendering of services	(5,065)
<u>(2,832,092)</u>		Cash Inflows from Operating Activities	<u>(2,763,286)</u>
2,198,971		Cash paid to and on behalf of employees	2,318,452
602,194		Other payments for operating activities	441,902
<u>2,801,165</u>		Cash Outflows from Operating Activities	<u>2,760,354</u>
<u>(30,927)</u>		Net Cash Flows from Operating Activities	<u>(2,932)</u>
		Investing Activities	
30,557		Purchase of Assets	33,475
0		Other receipts from investing activities	(30,475)
<u>30,557</u>		Net Cash Flows from Investing Activities	<u>3,000</u>
		Financing Activities	
0		Interest Received	(68)
370		Interest Payable	0
<u>370</u>		Net Cash Flows from Financing Activities	<u>(68)</u>
<u>0</u>		Net (Increase)/Decrease in Cash and Cash Equivalents	<u>0</u>
400	9	Cash and cash equivalents at the beginning of the reporting period	400
(400)	9	Cash and cash equivalents at the end of the reporting period	(400)
<u>0</u>			<u>0</u>

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

NOTES TO THE ANNUAL ACCOUNTS

Note 1 - Accounting Policies

1. General Principles

The Annual Accounts summarise the Board's transactions for the 2014/15 financial year and its position at the year end of 31 March 2015. The Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 1985. Section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 ("the Code") and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS).

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

2. Accruals of Income and Expenditure

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

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

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

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

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

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

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

Note 1 - Accounting Policies (Cont'd)

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.

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

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.

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

6. Intangible assets

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

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

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

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

Note 1 - Accounting Policies (Cont'd)

6. Intangible assets (Cont'd)

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

7. Property, Plant and Equipment

Assets that have physical substance and are held for the supply of goods and services, either directly or indirectly, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Board and the cost of the asset can be measured reliably. Expenditure that maintains, but does not add to the asset's potential to deliver future economic benefits or service potential, is charged as an expense when it is incurred.

Measurement

Initially measured at cost, comprising of:

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

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

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

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

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

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

Note 1 - Accounting Policies (Cont'd)

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

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

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

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

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

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

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

Note 1 - Accounting Policies (Cont'd)

8. Employee Benefits

Benefits payable during employment

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

Termination Benefits

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

Where termination benefits involve the enhancement of pensions, they are treated as pension costs for the purpose of the statutory transfer between the Pension Reserve and the General Fund of the amount by which the pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations. In the Movement in Reserves Statement appropriations are required to and from the Pension Reserve to remove notional debits and credits for termination benefits related to 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, projection of earnings for current employees, etc.
- Liabilities are discounted to their value at current prices using a discount rate of 4.3% (based upon the indicative return rate on long dated high quality corporate bonds)
- All assets are at bid value and are split into Quoted Prices in Active Markets and Prices not quoted in Active Markets, they are now shown in the notes in more detail.
- Split by Equity Securities, Debt Securities, Private Equity, Real Estate, Investment Funds, Derivatives Cash

***DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
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Note 1 - Accounting Policies (Cont'd)

8. Employee Benefits (Cont'd)

- The change in the net pensions liability is analysed into seven components:
 - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Net Interest expenses – the expected increase in the present value of liabilities during the year as they move one year closer, less the fair value of plan assets debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
 - Gains/losses on settlements and curtailments – the result of actions to relieve the Board of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
 - Contributions paid to the local government pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

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Note 1 - Accounting Policies (Cont'd)

9. Events after the reporting period

Events after the reporting period are those events (both favourable and unfavourable) that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types have been identified:

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

10. Exceptional items

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

11. Operating Leases

Board as Lessee

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense. Charges are made on a straight line basis over the life of the lease, even if it does not match the pattern of payment.

Board as Lessor

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

12. Provisions, contingent liabilities and contingent assets

Provisions

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

Provisions are charged as an expense to the Comprehensive Income and Expenditure Statement in the year the Board becomes aware of the obligation and measured at the best estimate at the Balance Sheet date, taking account of relevant risks and uncertainties.

When payments are eventually made they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits is now required; the provision is reversed and credited back to the relevant service.

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Note 1 - Accounting Policies (Cont'd)

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

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but are disclosed as a note to the accounts, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

A contingent asset arises where an event has taken place that gives the Board a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Board.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits.

13. VAT

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

14. Reserves

Reserves are created by appropriating amounts out of the General Reserve Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Reserve Balance in the Movement in Reserves Statement so that there is no net charge against requisition income for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits and these reserves do not represent usable resources for the Board.

Note 2 – Expenditure and Funding Analysis

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.

Figures 2016/17

	Net Chargeable to the General Fund	Net change for the Pension Adjustments	Net change for the Holiday Pay Accrual	Net change for Depreciation Costs	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£
Employee Costs	2,308,959	112,000	(10,525)	0	2,410,434
Depreciation	0	0	0	121,238	121,238
Total	2,308,959	112,000	(10,525)	121,238	2,531,672

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

Comparative Figures 2015/16

	Net Chargeable to the General Fund	Net change for the Pension Adjustments	Net change for the Holiday Pay Accrual	Net change for Depreciation Costs	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£
Employee Costs	2,209,294	205,000	8,536	0	2,422,830
Depreciation	0	0	0	20,722	20,722
Total	2,209,294	205,000	8,536	20,722	2,443,552

Note 3 – Operating Leases

Board as Lessor

The Board leases out property under operating leases to provide suitable affordable accommodation to West Dunbartonshire Council and Alpha Pets. During the current financial year West Dunbartonshire Council terminated their lease due to restructuring of services. Alpha Pets lease was due to end on the 14 April 2016; however the company and the Board have a tacit relocation agreement.

The future minimum lease payments in future years are:

31 March 2016		31 March 2017
£		£
20,300	Not later than one year	1,800
74	Later than one year and not later than five years	74
0	Later than five years	0
20,374		1,874

Board as Lessee

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

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

31 March 2016		31 March 2017
£		£
4,373	Not later than one year	5,298
5,314	Later than one year and not later than five years	1,925
0	Later than five years	0
9,687		7,223

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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 following pension schemes:

The Strathclyde Local Government Pension Scheme, which is a defined benefit statutory scheme, operated as Strathclyde Pension Fund, and administered by Glasgow City Council in accordance with the Strathclyde Local Government Pension Scheme (Scotland) Regulations 1998. This is a funded scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets. The employers' contribution rate is set by the Fund actuaries following valuation. The employer contribution rate for 2015/16 was 19.3%, and 2016/17 is set at 19.3%. In 2016/17, the Board paid an employer's contribution of £0.299m (2015/16 £0.312m).

In addition, the Board is responsible for all pension payments relating to added years' benefits which it has awarded together with the related increases. Strain on the Fund costs are charged in year for any early retrials. During financial year 2016/17 the Board paid £132,774 in relation to Severance and Strain on the Fund Payments. (no payments made were made in 2015/16).

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.

2015/16		2016/17
£000		£000
	Net cost of services	
524	Current service cost	418
524		418
	Financing and investment Income and Expenditure	
199	Net Interest	150
199		150
723	Total post-employment benefit charged to the Surplus or Deficit on the provision of Services	568
96	Return on plan assets	(3,272)
	Actuarial gains and losses arising on changes in financial	
(2,202)	Assumptions	6,025
(177)	Actuarial gains and losses arising on experience assumptions	3
(1,560)	Total post-employment benefit charged to the comprehensive income and expenditure statement	3,324
	Movement in Reserves Statement	
(723)	Reversal of net charges made to surplus of deficit for post employment benefits	(568)
319	Actual amount charged against the General Fund balance in the year	306
	Employer contributions payable to Scheme	306

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

Pension Assets and Liabilities (Cont'd)

The underlying assets and liabilities for retirement benefits attributable to the Board as at 31 March 2017 are as follows:

	2016/17	2015/16
	£000	£000
Fair value of plan assets	20,419	16,599
Present Value of defined benefit obligations	(27,494)	(20,678)
Net (liabilities)/assets in the Strathclyde Pension Fund	(7,075)	(4,079)
<u>Present Value of Unfunded Liabilities</u>	(179)	(157)
Pre Local Government Reorganisation		
Net pension asset/(liability)	7,254	(4,236)

For the Strathclyde Local Government Pension Scheme at 31 March 2017 the Board has a net liability of £7,075,000 and for the unfunded liabilities a net liability of £179,000. The Board's net liability of £7,254,000 at 31 March 2017 reflects the future obligations to fund retirement benefits. This represents an increase in the net liability of £3,018,000 compared to the position at 31 March 2016.

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 23.2% as at 31/03/17, this is an increase from 2.6% as at 31/03/16.

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

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

2015/16		2016/17
£000		£000
22,336	Opening balance	20,678
524	Current service cost	418
717	Interest cost	150
108	Contributions by Members	109
(2,202)	Actuarial gains/losses in financial assumptions	6,025
(177)	Other Experience	3
(7)	Estimated unfunded benefits paid	(7)
(464)	Estimated benefits paid	(440)
0	Changes in demographic assumptions	0
20,835		26,936

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

2015/16		2016/17
£000		£000
16,221	Opening balance	16,599
(96)	Expected return on assets	3,272
518	Interest Income	580
108	Contributions by Members	109
312	Contributions by employer	299
7	Contributions in respect of unfunded benefits	7
(7)	Estimated unfunded benefits paid	(7)
(464)	Estimated benefit paid	(440)
16,599		20,419

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

Pension Assets and Liabilities (Cont'd)

The Valuation Joint Board's share of the pension funds asset at 31 March 2017 comprised:

Asset Category	31 March 2017			31 March 2016		
	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	7,494	4	7,498	6,039	13	6,052
Private Equity	0	1,684	1,684	0	1,615	1,615
Real Estate	0	2,463	2,463	0	1,783	1,783
Investment funds and unit trusts	237	7,766	8,003	150	6,423	6,573
Derivatives	(2)	3	1	4	0	4
Cash and Cash Equivalent	736	34	770	554	18	572
Totals	8,465	11,954	20,419	6,747	9,852	16,599

Asset and Liability Matching Strategy (ALM)

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

Pension Assets and Liabilities (Cont'd)

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

31/03/2016		31/03/2017
2.6%	Expected rate of return	
2.2%	Inflation/pension increase rate	23.2%
4.2%	Salary increase rate	2.4%
3.5%	Discount rate	4.4%
		2.6%

Mortality

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

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

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

Sensitivity Analysis

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

	Approximate % increase to Employer Liability	Approximate monetary Amount (£000)
Rate for discounting fund liabilities (0.5% decrease)	5%	1,436
Rate of pension increase (0.5% increase)	6%	1,772

The total employee contributions expected to be made to the Local Government Pension Scheme for 2016/17 is £299,000.

Note 5 – External Audit Costs

In 2016/17 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:

2015/16		2016/17
£		£
7,800	Fees payable for external audit services	7,000
<u>7,800</u>		<u>7,000</u>

Note 6 – Property, Plant and Equipment

Figures 2016/17	Land & Buildings £	Plant & Equipment £	Total £
Cost or Valuation			
As at 1 April 2016	916,743	133,891	1,050,634
Additions	25,000	8,474	33,474
Revaluation	(320,897)	0	(320,897)
As at 31 March 2017	620,846	142,365	7,63,211
Accumulated Depreciation and Impairment			
As at 1 April 2016	(219,289)	(86,049)	(305,338)
Depreciation Written out	219,289	0	219,289
Depreciation Charge	(3,511)	(15,005)	(18,516)
As at 31 March 2017	(3,511)	(101,054)	(104,565)
Net Book Value at 31 March 2016	697,454	47,842	745,296
Net Book Value at 31 March 2017	617,335	41,311	658,646

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Note 6 – Property, Plant and Equipment (Cont’d)

Comparative Figures 2015/16

	Land & Buildings £	Plant & Equipment £	Total £
Cost or Valuation			
As at 1 April 2015	916,743	105,855	1,022,598
Additions	0	28,036	28,036
As at 31 March 2016	916,743	133,891	1,050,634
Accumulated Depreciation and Impairment			
As at 1 April 2015	(213,423)	(72,362)	(285,785)
Depreciation Charge	(5,866)	(13,687)	(19,553)
As at 31 March 2016	(219,289)	(86,049)	(305,338)
Net Book Value at 31 March 2015	703,320	33,493	736,813
Net Book Value at 31 March 2016	697,454	47,842	745,296

Revaluations

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. All valuations were carried out by West Dunbartonshire Council’s Internal Valuer. 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

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

2015/16		2016/17
£	Balance at start of year:	£
5,843	Gross carrying amount	8,365
0	Accumulated amortisation	(1,169)
5,843	Net carrying amount at start of year	7,196
2,522	Additions	0
(1,169)	Amortisation for the period	(1,673)
(1,353)	Net carrying amount at end of year	(1,673)
	Comprising:	
8,365	Gross carrying amounts	8,365
(1,169)	Accumulated amortisation	(2,842)
7,196		5,523

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Note 8 – Debtors

2016/17		2016/17
£		£
51,211	Central Government Bodies	64
3,969	Other Entities and Individuals	4,099
671,127	Other Local Authorities	592,133
<u>726,307</u>		<u>596,296</u>

Note 9 – Cash and Cash Equivalents

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

2015/16		2016/17
£		£
400	Imprest	400
<u>400</u>		<u>400</u>

Note 10 – Creditors

2015/16		2016/17
£		£
3,018	Central Government Bodies	3,635
105,096	Other Entities and Individuals	85,151
12,066	Other Local Authorities	11,375
<u>120,180</u>		<u>100,161</u>

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.

Opening Balance at 1 April 2016	£
Gains/(Losses) on the fund	613,423
Closing Balance at 31 March 2017	(117,519)
	<u>495,904</u>

The revenue reserves balance stands at £495,904 on 31 March 2017, of which £80,824 has been applied to balance the 2017/18 budget, leaving an unearmarked balance of £415,080.

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.

2015/16		2016/17
£		£
0	Contributions from Authorities	30,475
50,550	Unapplied Capital contributions b/forward	19,993
	Capital expenditure incurred during the year:	
(8,809)	Upgrade PC's	(3,241)
(21,748)	Servers	(5,234)
0	Purchase of Building	(25,000)
<u>19,993</u>	Unapplied Capital contributions c/forward	<u>16,993</u>

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Note 13 – Unusable Reserves

31 March 2016		31 March 2017
£		£
717,356	Capital Adjustment Account	628,753
34,802	Revaluation Reserve	35,083
(4,236,000)	Pension Reserve	(7,254,000)
(26,554)	Statutory Mitigation Account	(16,029)
(3,510,396)	Total Unusable Reserves	(6,606,193)

Capital Adjustment Account

The capital adjustment account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the comprehensive income and expenditure statement (with reconciling postings to the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Board as finance for the costs of acquisition, construction and enhancement.

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

Revaluation Reserve

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

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

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

Pension Reserve

The pension reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Board accounts for post employment benefits in the comprehensive income and expenditure as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However statutory arrangements requires benefits earned to be financed as the Board makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Board has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Statutory Mitigation Account

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

Capital Requisition Unapplied Account

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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

2015/16		2016/17
£		£
1,281,605	Argyll & Bute Council	1,300,789
664,783	East Dunbartonshire Council	655,724
718,072	West Dunbartonshire Council	707,948
<u>2,664,460</u>		<u>2,664,461</u>

Note 16 – Government Grants

The Board received a total of £93,760 of government grants in 16/17 to continue with the delivery of Individual Electoral Registration.

2015/16		2016/17
£		£
126,134	Cabinet Office	93,760
13,675	Scottish Government	0
<u>139,809</u>		<u>93,760</u>

Note 17 – Related Parties

It is a requirement of the Code that material transactions with related parties (i.e organisations with which the Board can influence or be influenced by) should be disclosed. The Board forms Group Accounts with three local authorities, namely West Dunbartonshire Council, East Dunbartonshire Council and Argyll & Bute Council. Sums paid by the local authorities to the Board are detailed in Note 15.