MEMBERS AS AT 31 MARCH 2012

JOINT BOARD MEMBERS

ARGYLL & BUTE COUNCIL

Councillor Donald MacMillan
Councillor Andrew Nisbet
Councillor Vivien Dance

EAST DUNBARTONSHIRE COUNCIL

Councillor Rhondda Geekie
Councillor Anne Jarvis
Councillor Vaughan Moody
Councillor John Jamieson
Councillor Gillian Renwick
Councillor Ashay Ghai

WEST DUNBARTONSHIRE COUNCIL

Councillor Craig McLaughlin
Councillor Jim Finn
Councillor Jim Brown
Councillor David McBride
Councillor John Millar

GENERAL SERVICE AIMS AND OBJECTIVES

WHO WE ARE AND WHAT WE DO

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

OUR AIMS

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

COMMITMENTS

We are committed to:

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

1.0 INTRODUCTION

I am pleased to present my annual report in relation to the 2011/12 financial year.

The main purpose of the report is to summarise 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 year proved to be another very busy year operationally, with a number of challenges having presented themselves over the year.

The 2010 Non-Domestic Rating Revaluation came into effect at 1 April 2010 and appeals against the proposed values were received in the period up to 30 September 2010. Running roll and 'material change of circumstances' appeals were received throughout the year with a particularly large tranche of the appeals in relation to the general economic situation being received in the period leading up to the end of the financial year.

Despite the reported slowdown in the domestic property market, maintenance activity in relation to our Council Tax functions remained more or less at expected levels during 2011/12 and appeal activity was up on the previous year.

In relation to our Electoral Registration functions, the year started with the provision of registers and associated support for the Scottish Parliamentary elections and Referendum on the UK Parliamentary Voting System on 5th May 2011 and ended with the planning and preparations for Scottish Local Government elections in May 2012. The annual canvass was completed on time and feedback from the Electoral Commission's performance standards regime was good.

The VJB Management Team continues to be the main forum for decision making within the organisation. It met regularly throughout 2011/12 to manage statutory functions and operations, and develop, implement and monitor policies and strategies.

2.0 GENERAL PROGRESS IN RELATION TO STATUTORY FUNCTIONS

2.1 NON-DOMESTIC RATING

Aims

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

2.1 NON-DOMESTIC RATING (Cont'd)

2005 Revaluation

The vast majority of Revaluation appeals had been disposed of by the statutory deadline of 31 December 2008. Eight appeals, having been referred to the Lands Tribunal, remained outstanding at the start of the year. There was no Lands Tribunal activity in relation to the subjects from the Joint Board area during the year so these all remain outstanding.

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. 930 amendments were made to the Valuation Roll during the year.

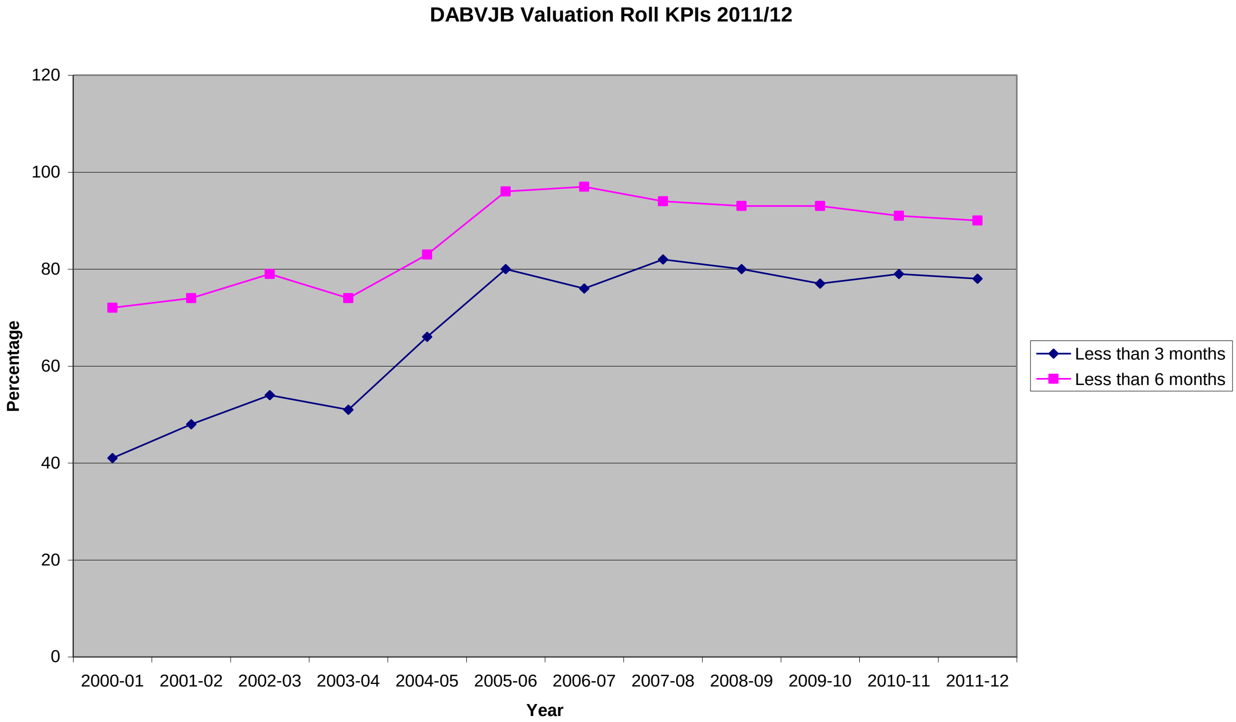
Total No of entries @ 1 April 2011	12,456
Total Rateable Value @ 1 April 2011	£323.4 million
Total Number of entries @ 31 March 2012	12,561
Total Rateable Value @ 31 March 2012	£326.1 million

The Key Performance Indicator in relation to non-domestic valuation has been defined as the time taken from the date on which amendments to the Valuation Roll are effective to the date a Valuation Notice in respect of that change is issued. The following table sets out the target and actual performance information for 2011/12 compared with the actual figures for 2010/11.

			Actual 2011/12			
Period	**Actual 2010/11**	***Target 2011/12***	***Argyll & Bute***	***West Dunbartonshire***	***East Dunbartonshire***	***Whole VJB Area***
0-3 months	79.4%	80%	79.2%	72.55%	75.48%	**77.8%**
3-6 months	12.1%	12%	10.25%	22.55%	16.13%	**12.6%**
>6 months	8.5%	8%	10.55%	4.90%	8.9%	**9.6%**

Although not all of our targets were achieved, performance was maintained at similar levels to recent years despite a significant workload in relation the disposal of Revaluation appeals and the receipt of a batch of requests late in the year to amend the Valuation Roll retrospectively. Performance has certainly been sustained at higher levels of service provision than existed at the inception of the Best Value regime (see page 5).

2.1 NON-DOMESTIC RATING (Cont'd)



2005 Running Roll Appeals

At the start of 2011/12, 75 'Running Roll' appeals were outstanding from the 2005 Valuation Roll.

During the year 8 appeals were disposed of. The remaining appeals, which largely cover mobile, and other, telecommunications subjects, canals and the designated gas utility networks have all been referred to the Lands Tribunal and will be disposed of in due course.

Two conjoined appeals which had been decided in favour of the appellants by the local Valuation Appeal Committee during 2010/11 were appealed to the Lands Valuation Appeal Court. The cases were heard in November 2011 and resulted in the Appeal Committee's decision being overturned.

2010 Revaluation

The 2010 Revaluation took effect from 1st April 2010 the ratepayers having been previously advised of their 2010 Net Annual and Rateable Values through the issue of Revaluation Notices in March 2010.

Rateable values are one of 2 elements in the calculation of business rates. The other is the annual national rate poundage which is set by Scottish Ministers. Multiplying a property's rateable value by the poundage rate set determines the initial rate bill, subject to any reliefs or supplements which may apply, in any year for each property. Following a commitment given by Scottish Ministers in 2007, the rate poundage for 2011/12 in Scotland was set to match the rate set for England at 42.6p.

2.1 NON-DOMESTIC RATING (Cont'd)

2010 Revaluation Appeals

A total of 3,391 appeals were received before 30 September 2010, which was the last date for submission of such appeals. The statutory requirement is that Revaluation appeals are disposed of by Committees prior to 31 December 2013

At the start of 2011/12, 3,295 Revaluation appeals were outstanding. To facilitate the disposal of these appeals, Valuation Appeal Committee Hearings were scheduled throughout 2011/12 by arrangement with the relevant Assistant Secretaries to the Panels.

Initially, progress in relation to the disposal of appeals was very good with 1,933 appeals being disposed of in the 2011/12 year – largely in the period to December 2011 – leaving 1,362 outstanding. Of the Revaluation appeals disposed of to date 1,575 (77.6%) have been withdrawn and 454 (22.4%) resulted in adjustments being made to the rateable value.

The downturn in the economy since the valuation date of 1 April 2008 has complicated the settlement of both Revaluation and Running Roll (see below) appeals in recent months with much further progress being dependent upon the Opinion of their Lordships in appeals which are currently before the Lands Valuation Appeal Court.

2010 Running Roll Appeals

The fact that the effects of the downturn in the economy have continued to be felt after 1 April 2010 resulted in an unprecedented tranche of 2,238 running roll appeals being submitted during 2010/11. Of these, 2,204 were made on the basis that a material change of circumstances had taken place. During 2011/12 1,986 running roll appeals were submitted, the vast majority of which were made on the same material change of circumstances basis. This additional appeal activity is likely to have significant effects on the workload of valuation staff in the period to 31 December 2013 and possibly beyond. It is also likely to have very significant effects on the total Rateable Value of, and hence rates income from, the subjects under appeal as losses in value are a very real possibility in many areas and property types.

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.

2.2 COUNCIL TAX (Cont'd)

Maintenance of Valuation List

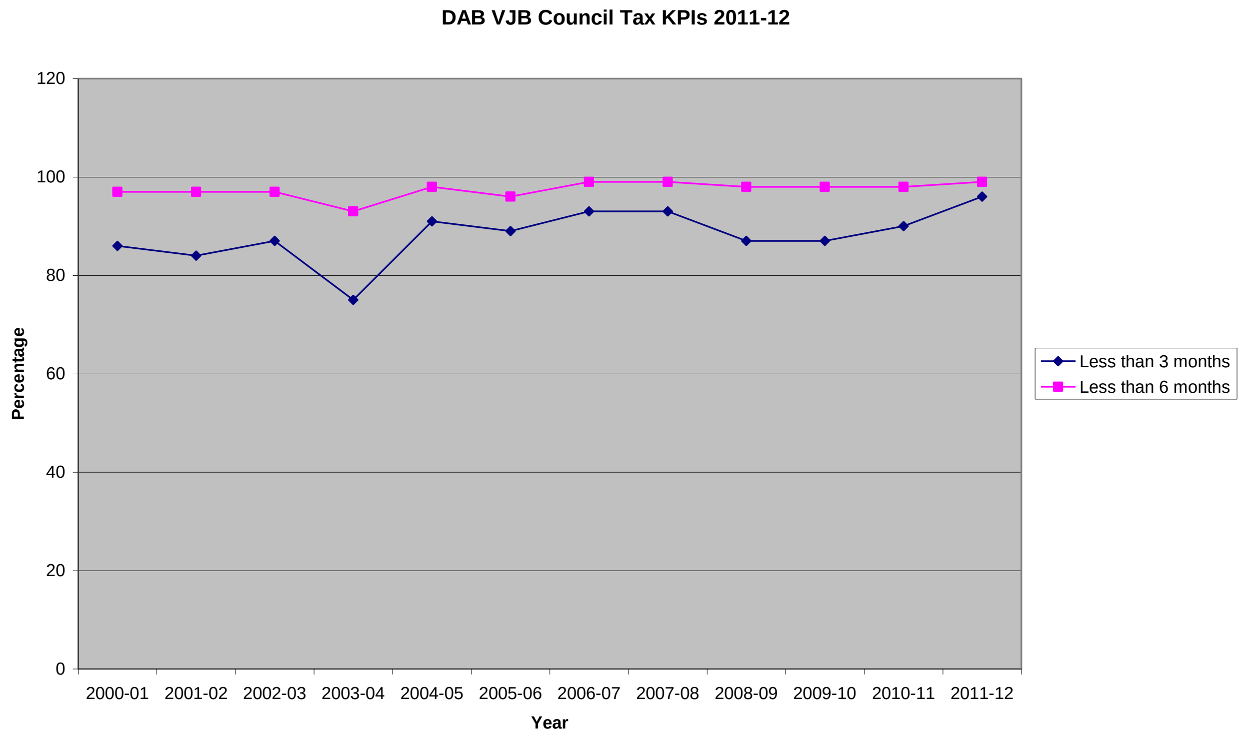
Activity in the housing market during the year to 31 March 2012 has resulted in a net increase in the number of dwellings shown in the Council Tax List.

Total Number of entries @ 1 April 2011	140,976
Additions during year to 31 March 2012	988
Deletions during year to 31 March 2012	486
Total Number of entries @ 31 March 2012	141,478

The Key Performance Indicator in relation to Council Tax has been defined as the time taken from the date on which additions to the Valuation List are effective to the date a Banding Notice in respect of that new entry is issued. The following table sets out the target and actual performance information for 2011/12 compared with the actual figures for 2010/11 and shows that our targets at both 3 and 6 months were achieved and our previous performance levels were exceeded. Performance has been so improved during 2011/12 that questions exist about its sustainability.

			Actual 2011/12			
Period	**Actual 2010/11**	***Target 2011/12***	***Argyll & Bute***	***West Dunbartonshire***	***East Dunbartonshire***	***Whole VJB Area***
0-3 months	90.4%	92%	93.1%	97.12%	99.6%	**96%**
3-6 months	8.0%	6%	4.7%	1.44%	0.4%	**2.6%**
>6 months	1.6%	2%	2.2%	1.44%	0%	**1.4%**

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



2.2 COUNCIL TAX (Cont'd)

Council Tax legislation permits Assessors to amend bands when a property has been altered and subsequently sold. Professional and technical staff have been engaged in completing surveys of such properties and making amendments where appropriate. During 2011/12, 73 band amendments were effected compared to 58 in 2010/11. This is a very small number of changes when compared to the workload required to comply with the duty.

Proposals and Appeals

101 proposals and appeals were outstanding at the start of 2011/12 and 385 were submitted during the year. In the same period, 383 were disposed of, leaving 103 outstanding.

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.

Published Electoral Register

The annual canvass was completed on schedule and the statutory deadline in relation to the publication of the Electoral Registers by 1st December was achieved.

Canvass forms were initially issued to 137,680 households with a first reminder being sent to 60,223 addresses and a second reminder being sent to 2,799 households. Once again, the approach taken to the door-to-door canvass was to visit properties after secondary checks of the registers against other data sources had been made. The canvassers were trained to give help and advice to householders and encouraged to ingather completed forms. 11,095 households were visited by canvassers and 1,705 forms were returned by this method.

The final return at the conclusion of the canvass was 92.42%, of which 25.93% were householders who made their returns by telephone, short message service (text message) or internet and 1.24% were returns via canvassers. This return rate was very similar to the 92.28% return in 2010 and 92.12% in 2009. The total return by Council area is shown below:-

Argyll & Bute Council	93.42%
East Dunbartonshire Council	94.16%
West Dunbartonshire Council	89.59%
VJB Area	**92.42%**

Elector take-up of the telephone, internet and short message service/text reply facilities for 'No Change' returns has varied since start-up with the return via these services representing 25.93% of the total return this year.

Method of Return	2005	2006	2007	2008	2009	2010	2011
Telephone	12,172	16,554	14, 196	15,076	16,074	16,589	14,630
Internet	5,363	8,849	9,244	9,554	11,348	13,404	15,252
SMS/text				2,410	3,176	5,222	5,812

2.3 ELECTORAL REGISTRATION (Cont'd)

The number of changes to the Register during the 2011 canvass period was as follows: -

Elector Additions	14,728
Elector Deletions	11,442
Total Electorate @ 1 December 2011	217,065

The total electorate figure at 1 December 2011 shows a continuing recovery from the general trend of recent years during which there has been a fall-off in the number of electors contained in the published register (see over).

Year	No of Electors
2011	217,065
2010	216,433
2009	215,460
2008	216,241
2007	218,875
2006	218,399
2005	217,559

With the exception of 2008 when there was a legislative change affecting absent voting procedures, the number of Absent Voters on the Register has increased year-on-year for some time now. 2011 saw another 6.3% rise on the figures at publication of the 2010 registers.

Year	No of Absent Voters
2011	29,076
2010	27,365
2009	24,899
2008	23,095
2007	24,045

The full Electoral Register can only be provided for certain limited statutory purposes, while an Edited Register can be sold to anyone for any purpose. Electors must advise the Electoral Registration Officer annually if they wish their name to be removed from the edited version. A change to the canvass form design to clarify the elector's requirement to make a positive decision each year is probably the reason why the number of opted-out electors dropped for the first time in years.

Year	%age of Electors Opted out
2011	21.0%
2010	27.2%
2009	25.3%
2008	21.7%
2007	13.4%
2006	17.3%
2005	8.4%
2004	7.3%

2.3 ELECTORAL REGISTRATION (Cont'd)

Rolling Registration

The process of dealing with applications for changes to the Register continued outwith the canvass period and, using sources such as Council Taxpayer records, a pro-active approach to change information was adopted. The changes to the Electoral Register between January and September 2011 were as follows: -

Elector Additions	5,649
Elector Deletions	6,524
Total Amendments	12,173

and the following changes were made to the Register between publication on 1 December 2011 and 31 March 2012:-

Elector Additions	2,207
Elector Deletions	2,556
Total Amendments	4,763

Between publication of the registers in December 2011 and the end of the financial year, 10,919 individual voter registration forms were issued to households with around 50% of the additions and deletions referred to above resulting from these activities. The cost and resources required to continue with this process are not insignificant, however, and will need to be reviewed in light of tightening budgets.

Electoral Administration

The Local Electoral Administration (Scotland) Act 2011 established a formal role for the Scottish Electoral Management Board in co-ordinating electoral administration. Mary Pitcaithly, Returning Officer for Falkirk Council was appointed as Convenor by a joint group containing representation from the Scottish Government, the Scotland Office and the Electoral Commission. The Board has three Electoral Registration Officer members.

The Electoral Management Board provided guidance and direction in the preparations for the May 2011 and 2012 elections.

Electoral Performance

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

Following the 2011 annual canvass the Electoral Commission carried out its fourth electoral registration data collection and self-assessment exercise.

The self-assessment covered 10 performance standards over 4 subject areas:-

- Completeness and accuracy of electoral registration records (Standards 1–3)
- Integrity of the registration process (Standards 4–5)
- Encouraging participation in the registration process (Standards 6–8)
- Planning and organisation (Standards 9–10)

2.3 ELECTORAL REGISTRATION (Cont'd)

The Joint Board self-assessed as performing 'Above the Standard' in 6 of the 10 standards and 'Meeting the Standard' in the remaining 4. It is understood that this is at, or above, average performance but, as the Electoral Commission has, at time of writing, yet to publish its annual report on EROs' performance in 2011, that cannot be confirmed.

CORE Project

CORE was a national project, funded by the Ministry of Justice to provide a single, convenient point of access to UK-wide electoral register data for political parties, the Electoral Commission, and other national users. It aimed to make the electoral registration system more accurate, secure and cost effective for the benefit of local authorities, authorised users and other key stakeholders. It was also seen as a building block on which multi-channel, e-enabled elections could be built.

Following a review of its project path in 2009 and in light of the proposals to introduce Individual (rather than household based) Registration (IR) in the UK in 2014, the CORE Project was cancelled by the Parliamentary Secretary to the Cabinet Office in August 2011.

Elections

Registers and associated lists and data were provided to Returning Officers for the Scottish Parliamentary Election and the Referendum on the UK Parliamentary Voting System on 5 May 2011.

Registers were also provided for a local by-election in Argyll & Bute Council on 3 November 2011.

Elections tend to be good tests of the completeness and accuracy of the registers and I am pleased to report that these elections generally proceeded without problems of any significance arising. One issue did arise subsequent to the May elections, however, and this resulted in electors who live south and west of Glen Loin/Succoth in Argyll and who should have voted in the Argyll & Bute constituency voting in the West Dunbartonshire constituency for the Scottish Parliamentary election.

Following investigation it was clear that the situation arose as a result of a series of misunderstandings about the extent of changes implemented by the 2010 Boundary Commission Review. The Returning Officers as well as other officers in West Dunbartonshire and Argyll and Bute Councils, and the Electoral Registration Officer all believed that the Commission had made no change to the boundaries between these constituencies.

The Boundaries Commission 2010 report did not expressly refer to the transfer of the Succoth area. Rather it stated that the Assistant Commissioner's recommendation had been that "The existing Argyll & Bute Constituency, and Dumbarton Constituency should continue in their present forms."

Steps have now been taken to correct the error and, in future, a full digital check will be carried out of all constituency boundaries following any review to ensure that no unexpected changes have been made. In the meantime it should be noted that the error had no effect on the outcome of any of the affected polls.

During the latter months of 2011 and early 2012 electoral staff were heavily engaged, though liaison with the Interim Electoral Management Board (IEMB), the Electoral Commission and all of our Returning Officers, in planning for the Scottish Local Government Elections on 3 May 2012.

Individual Electoral Registration

Following an announcement in September 2010 by Mr Mark Harper MP that the government intended to speed up the proposed implementation of Individual Electoral Registration (IER), a White Paper was published in June 2011. The accompanying draft legislation proposed amending the provisions on IER contained in the Political Parties and Elections (PPE) Act 2009, enabling implementation to take place by 2014. The proposal did not allow for a 'voluntary phase' of collecting electors' personal identifiers as had been previously envisaged.

2.3 ELECTORAL REGISTRATION (Cont'd)

The White Paper was subject to both public consultation and review by the Political and Constitutional Reform Committee of the UK Parliament. Subsequent to its report, a set of revised proposals was issued by the government in August/September and the Cabinet Office then entered a phase of intensive consultation for, and planning implementation of, the system. The Valuation Joint Board is represented on the Scottish Implementation Project Group by the ERO and the Principal Administrative Officer.

3.0 GENERAL PROGRESS IN RELATION TO OTHER MATTERS

3.1 INFORMATION AND COMMUNICATIONS TECHNOLOGY

IT and Computer Provision

Computers and IT systems continue to be maintained and upgraded as required to meet operational needs and in accordance with the recommendations from West Dunbartonshire Council's Information Communication Technology & Business Development (ICT & BD) Service. During the financial year 15 PCs were replaced. To allow a more flexible approach to working, 8 of the redundant PCs were replaced with a laptop. Two new Local Area Network (LAN) servers were installed as part of a plan to refresh the organisation's IT systems architecture and communications network.

A further part of the above plan, to replace expensive fixed line communications links with broadband connections, had been completed in our Campbeltown office in November 2010, with significant savings in line rental charges. Significant performance issues continued into 2011/12 and these problems became such that it was clear that remedial action would be required in advance of the 2011 electoral canvass. The solution which was implemented was to connect to our electoral management system in Dumbarton from Campbeltown by means of an intermediate CITRIX server. The cost of this did partly offset the savings generated by the move to broadband but did improve performance several fold. As the year drew to a close, further problems were being experienced with the hardware involved in the Campbeltown office's system architecture and, as a result, a full review of the move to broadband was initiated.

In February 2012 a new server and associated software were procured for the purposes of establishing a disaster recovery solution for our electoral management system and, as the year ended, we were moving towards going live with the project.

The Assessor's 'Progress' system, which supports our valuation functions, is being further developed in-house with the intention of providing an interface to property photographic records and, most notably, to include all records relating to outstanding survey workloads. As the year closed, both projects were nearing completion.

Scottish Assessors Association Web Site

Throughout the year, staff actively participated as Project Management Committee, Project Team and Working Group members in the enhancement of the SAA web portal (www.saa.gov.uk) which provides single point access to Valuation Roll, Council Tax List and Electoral Registration information on an all-Scotland basis. The site has proven to be very successful and is a good example of joint service provision and improvement. Rateable Values and Council Tax bands can be checked through simple search facilities and Practice Notes on the valuation of all non-domestic property types can be viewed. Appeals against Council Tax Bands and Rateable Values can be submitted, either individually or in 'bulk', and statutory rental questionnaires can be returned electronically via the portal.

Usage of the Portal has steadily increased since its introduction in 2004 with 1 million page requests per month now regularly being made.

3.1 INFORMATION AND COMMUNICATIONS TECHNOLOGY(Cont'd)

With operational activities being focussed on the Revaluation appeals processes and central funding of the portal having come to an end, development activity in relation to the portal has remained at low levels during 2011/12 with development being focussed fine tuning of the site rather than in delivering significant enhancements or additional functionality. This is likely to remain the case in the coming years unless new income streams can be identified.

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 2010/11 Public Performance Report was published during 2011/12 on our web site (www.dab-vjb.gov.uk). Public feedback from these reports remains virtually non-existent.

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 2011/12:-

- A new Service Plan for the three year period 2011 to 2014 and an Annual Service Calendar for 2011/12 were approved by the Valuation Joint Board in June 2011. The Management Team regularly reviews progress against these plans.
- The Reporting Framework has reached a fairly stable state but new/amended reports are added as and when needed. A full suite of reports is presented to the Management Team for regular review and/or submitted to external bodies.
- A collated Audit Action Plan is regularly reviewed by the Management Team to reflect both new requirements and actions taken.
- The Management Team regularly reviews the approved Risk Action Plan, and the Risk Register is reviewed annually. Risk Registers/Action Plans which were drawn up in respect of the Annual Canvass, Rolling Registration and other electoral processes during 2010/11 were incorporated into the 'corporate' Risk Register in February 2012. A Stress Risk Assessment was carried out and an Action Plan completed for Management Team consideration.

The above, several of which are described more fully below, represent real commitments to the Best Value regime and to continuous improvement. The current financial restrictions have forced a change in emphasis from stakeholder driven service improvement to efficiency driven change, but we will continue to strive to provide improving services.

Risk Management

The Joint Board's Risk Register and Action Plan are revised annually. Additions to the Register during the year were:-

- The various risks associated with the IT infrastructure review, including resilience, performance and ongoing hardware issues.
- Risks, in the medium to longer terms, to the existence of the Joint Board from the 'Shared services' agenda.

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

A number of risks and actions were also removed from the Risk Management regime.

3.2 BEST VALUE (Cont'd)

Audit

During the year, the final 2010/11 accounts of the Valuation Joint Board were subject to External Audit by KPMG LLP. The external auditor's Annual Audit report gave an unqualified opinion on the financial statements for the year to 31 March 2011.

A further KPMG LLP report to those charged with governance recommended no management actions.

In August 2011 Internal Audit (provided by West Dunbartonshire Council) completed an audit of the Board's Council Tax and Non-Domestic Rates valuation procedures and concluded that the systems examined are working effectively. In particular, the audit found that:-

- All sample properties from the Valuation Roll and Council Tax Lists were correct.
- That the appropriate actions had been taken in respect of all samples of Weekly Planning Lists and Building Warrant Completion notifications.
- The three constituent Councils regularly reconcile their records with those of the VJB.
- There are controls in place to inhibit unauthorised access to records.
- There was a Business Continuity Plan in place, which established procedures to ensure the continued operation of the VJB.
- No adverse points arose during the audit review.

All audit actions are collated into one Audit Action Plan which is regularly reviewed for progress and action by the Management Team.

The finances of the Joint Board for 2011/12 will be audited by Audit Scotland who completed initial investigations into systems, including governance, during the year. An Audit Plan was completed which identified areas of risk to include:

- Insufficient interest in the VERA (Voluntary Early Retirement) scheme might impact on the Board's financial plans and delivery of efficiency savings.
- Board Meeting Minutes should be published on the website to ensure transparency about decisions taken.
- Insufficient member representation on the Board, Sub-Committees and at Board meetings mean that constituent authorities are not appropriately represented and meetings are at risk of not being quorate.

The Early Retirement Scheme has now closed with no significant risk to the Boards planned financial position arising and Board Minutes have now been posted to the Board's website (www.dab-vjb.gov.uk). The remaining risk is outstanding at the time of writing and the importance of adequate governance will be highlighted to new members of the Board following the elections in May 2012. In the meantime, Committee support procedures have been implemented to minimise the likelihood of meetings being inquorate.

Customer Satisfaction

During the year 2011/12, recent users of the Joint Board's services were randomly sampled and issued with questionnaires seeking their perception of the service provided to them. A summary of the results is provided over. These show that:-

3.2 BEST VALUE (Cont'd)

- By far the majority of our stakeholders (98%) find us professional, courteous and helpful.
- 58% of queries or transactions are completed at the first point of contact and only 2% of matters are not concluded to the satisfaction of the stakeholder.
- Most users of Joint Board services (96%) are satisfied with the information and/or advice provided to them.
- Overall, very high satisfaction levels are being maintained on a year-to-year basis.

	Year					
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Survey Return Rate	27%	26%	28%	25%	25%	23%
Was the person with whom you communicated professional, courteous and helpful?	96%	97%	97%	97%	98%	98%
Was the matter brought to a satisfactory conclusion immediately?	59%	58%	62%	58%	62%	58%
Was the matter brought to a satisfactory conclusion?	94%	95%	98%	97%	98%	98%
Are you satisfied with the quality of the information or advice given to you?	91%	95%	96%	96%	96%	96%

No Customer Satisfaction forms were requested in alternative languages, Braille or other formats.

Of the returns which indicated the relevant equality group, 2.7% of service users were non-white, 49% were male, 51% were female and 3.5% were disabled. The age profile of service users was as shown below:-

Age	<16	16-24	25-29	30-29	40-49	50-59	60-74	75+
Total	1	0	10	27	36	35	58	8
% age	0%	2.8%	2.1%	16.9%	16.2%	26.8%	33.1%	2.1%

Sample sizes within the various equalities groups were too small to draw firm conclusions but satisfaction levels within minority groups and across the equalities strands were generally as positive as the overall averages.

3.3 EQUALITIES

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

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

As a result, the Board replaced its suite of Equality Schemes in respect of Gender, Disability and Race with a Single Equality Scheme which was approved by the Joint Board in November 2011. This new scheme not only brings together the commitments of the previous scheme but extends them to include the protected characteristics listed above.

3.3 EQUALITIES (Cont'd)

Further, a Single Equality Scheme Annual Report was produced in 2011 and is published on our web site (www.dab-vjb.gov.uk).

The new duty is in 2 parts – a general duty in the Equality Act 2010 itself and specific duties which are placed on some public authorities by Scottish Ministers. The purpose of the specific duties is to enable the better performance of the general duty. The Regulations required to implement these specific duties have not been approved by the Parliament, however, the Scottish Government expects to undertake further consultation and make Regulations to impose new specific duties shortly.

In the meantime, our Equalities 'Champion' has attended a number of events run by the Equality and Human Rights Commission Scotland which have allowed initial planning to take place in respect of these forthcoming specific duties.

3.4 STAFFING MATTERS

Development and Training

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

In 2011/12 training was provided both through externally sourced and in-house training events in subjects as diverse as management development, attendance management, stress risk assessment, investigations and conflict management. One member of staff, having passed his RICS Assessment of Professional Competence, became a fully qualified Chartered Surveyor whilst formal external training was ongoing for two Trainee Valuers and two Trainee Technicians. Equalities training included a refresher for all staff on the Language Line Translation service to which the Board subscribes.

Personnel Policies

The following policies were revised or implemented in 2011/12 in line with legislative change and current practices:-

Personnel Policies

- Annual Leave & Public Holidays
- Policy on Pension Discretions for early Retirement and Early Redundancy
- Scheme of Voluntary Early Retirement and Voluntary Severance

The last of these policies was implemented on a temporary basis to assist the Board manage staffing resources flexibly in response to increasing financial pressures. Whilst it was available, the scheme made it possible for staff to opt for Early Retirement and/or Voluntary Severance where it was in the financial interest of the Joint Board. Several members of staff enquired about the details of the scheme but were refused as the 'financial interest' test could not be satisfied. The voluntary severance of one member of staff was, however, approved.

Subsequent to the completion of the Pay Modernisation/Single Status process and the various changes in procedures which have occurred in recent years, a complete review of Job Descriptions was completed during the year with the broad agreement of existing staff having been achieved.

3.4 STAFFING MATTERS (Cont'd)

Extra Mile Award

To encourage staff to contribute to improvement initiatives and to recognise examples of where staff had displayed commitment, application or innovation, the Joint Board introduced an 'Extra Mile Award' during 2010/11, initially on a trial basis. Some excellent nominations were received from staff throughout the year with Clerical Assistant Craig Anderson being selected for the 2011/12 award for his various suggestions for process improvement, several of which have been applied across all clerical/admin sections.

3.5 FREEDOM OF INFORMATION

The Freedom of Information regime is now fairly firmly established in the processes and operations of the Joint Board.

A 'business as usual' approach has been taken to the majority of requests for information received, but in the calendar year to December 2011, a total of 11 requests which specifically referred to the Freedom of Information Act were received. 5 of these were responded to in full whilst the information held was provided for the remainder. Dealing with such requests took over 26 hours of staff time and no fees were charged. The time spent on dealing with requests was well down on the peak of 235 hours in 2009 (89 in 2010).

3.6 PROPERTY MATTERS

In 2008 the Valuation Joint Board approved a 3-year rolling programme of improvements to the Clydebank building to commence in April 2009. 2011/12 was year 3 of the programme and the planned works included the installation of a shower room, replacement of a water tank and general redecoration of the offices at 235 Dumbarton Road, Clydebank.

After consultation with officers of West Dunbartonshire Council's Housing, Environmental and Economic Development (HEED) Service it was agreed that all outstanding works, along with work which required to be done to defective fire doors, would be bundled together and put out to competitive tender.

Various structural and personnel changes within HEEDs resulted in the tender process being delayed to the point that the contract could not be awarded during the 2011/12 financial year. The works will, however, be completed during 2012/13.

Ongoing water ingress problems in the Clydebank office resulted in a major repair/upgrade to one gable wall being proposed. Work on this had commenced as the financial year closed.

The occupiers of the neighbouring property at 233 Dumbarton Road recently indicated a wish to rent some ground/grassed area from the Joint Board and the terms of such a let have been provisionally agreed.

3.7 PARTNERSHIPS

The Valuation Joint Board is actively involved in several partnerships but the most significant of these is the 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 Parties, which report to regular plenary sessions that are attended by representatives from all Assessors' offices. It has been my pleasure and privilege to serve the Association as its President during 2011/12.

3.7 PARTNERSHIPS (Cont'd)

Valuation Joint Board staff are represented in the Association in all of its Category Committees, in working groups and as authors of Practice Notes which are used to implement all-Scotland approaches to the valuation of various subject types. These Practice Notes are of particular importance in preparing valuations of subjects where rental, and other, evidence is limited locally and the co-operation and co-ordination of the Association is of critical importance in the completion, and defence, of a Revaluation.

During 2011/12 the Association was involved in collating a number of consultation responses in matters such as the proposals for, and implementation of, Individual Electoral Registration and on the administration of the proposed referendum on Scottish Independence (to both the Scottish Government and the UK Parliament).

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. It also met regularly with, and acted as a consultative body to, the Scottish Government.

Electoral Registration services are facing increasing pressures to be more consistent nationally and this is being helped through guidance received from the Electoral Commission and representation within the Interim Electoral Management Board (IEMB) and the Association of Electoral Administrators.

The Valuation Joint Board procures all of its 'back-office' functions including human resources, legal support, ICT support and financial services from West Dunbartonshire Council. David Connell, who had previously held the position of Treasurer to the Board, and who had been involved in providing budgetary and operational support to the Board since its inception in 1996, retired. David's advice and guidance over these years was very much appreciated and I would wish him well for a long and happy retirement.

Following the appointment of Joyce White, the existing Treasurer to the Board, as Chief Executive of West Dunbartonshire Council, Stephen West, Head of Service - Resources and Performance, was appointed as the new section 95 Chief Financial Officer for West Dunbartonshire Council and Treasurer to the Board with effect from 1st November 2011.

4.0 CONCLUSION

2011/12 was my eighth year as Assessor and ERO for Dunbartonshire and Argyll & Bute Valuation Joint Board and it was a year which, once again, presented sufficient challenges as to ensure that the post never becomes 'routine'.

The defence of the rateable values established at the 2010 Revaluation initially made good progress but ran into legislative 'roadblocks' as the year progressed. The lack of progress towards the end of the year, although understandable, was frustrating and the indications are that further litigation will be required to test the various grey areas resulting from the current economic situation. The fact that ratepayers and their agents have submitted volumes of speculative running roll appeals in both 2010/11 and 2011/12 has simply added to both the administration workload and the pressure on the disposal timetable.

The annual electoral canvass was completed within budget and registers were published on time. Our electoral registers provided the basis for the Scottish Parliamentary Election and the Referendum on the UK Parliamentary Voting System in May 2011 and did so with few problems or complaints.

Budgetary restrictions continue to apply and are likely to do so for the foreseeable future. Driving down costs whilst maintaining, or improving, service delivery is now the main theme which underlies the majority of our decisions. During 2011/12, however, we learned from our move from fixed line communications to broadband in our Campbeltown office that the cheapest option is not always the best one.

4.0 CONCLUSION (Cont'd)

As ever, all of our statutory duties were delivered as required and both performance, as measured by the various indicators applying to the Board, and customer satisfaction, as measured by our customer survey, remain at creditable levels. The frustrations of the hiatus in the appeals process and the various issues arising from our move to Broadband in Campbeltown have resulted in a feeling that 2011/12, if not an unsatisfactory year, was a somewhat unsatisfying one.

Bearing these factors in mind, I would like to take this opportunity to thank the staff, management and members of the Joint Board for their endeavour, effort, co-operation and no shortage of skill throughout the year. We have delivered, and I have no doubt that we will continue to deliver, largely through the application of staff, the planning of managers and the support we get from our partners.

The Joint Board could not function without the support of a number of departments within West Dunbartonshire Council. The current financial situation is clearly having its effects on WDC and the services it provides but I would like to extend my thanks to all relevant WDC officials, particularly to the Treasurer and Clerk to the Board and their staff.

May 2012 will bring about the dissolution of the current Joint Board and the constitution of a new one. The Management and staff of the VJB have received no end of support from the current Board over its 5–year tenure. I would like to thank them all for that support and wish them well for their futures. Particular thanks go to Councillors Vaughan Moody (EDC) and Jim Finn (WDC) who have been of consistent and significant help to me in their respective roles as Convenor and Vice-Convenor to the Board.

Looking forward to 2012/13 and beyond, there are no shortages of challenges to be met. The 2010 Revaluation appeals phase is likely to accelerate when the outcomes of two 'test' cases at the Lands Valuation Appeal Court are known. These are expected around June 2012 and could well lead to a surge in disposal activity over the latter half of the calendar year.

Planning for the implementation of Individual Electoral Registration has already commenced. The proposals as they stand will require quite significantly different approaches to working and will demand extensive planning, IT system changes, staff training and additional financing. As 2012/13 progresses the details of the new proposals will need to be identified and procedures put in place to ensure a complete and accurate register throughout the transition to the new system. The implementation of this regime at the same time as the requirement to effect a UK Parliamentary Boundary Review and the probable need to administer a referendum on Scottish independence merely add to the complexities of the planning process.

There is little doubt that these challenges will need to be met within a tight, and possibly tightening, budgetary environment. The challenge for the years ahead will therefore be to ensure that we remain focussed on the statutory nature of our duties and continue to provide the public with efficient services which meet their performance expectations.

David C Thomson
Assessor and Electoral Registration Officer
25 September 2012

Foreword by the Treasurer

The purpose of these financial statements is to provide clear information about the Joint Board's financial position as at 31 March 2012. This foreword is intended to give the reader an easy to understand guide to the most significant matters reported in the financial statements.

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 financial statements. The Joint Board's 2011/12 budget was constructed to break even using £115,730 of balances. In event, the Valuation Joint Board completed the year with a further contribution to the funds brought forward of £199,292. This contribution, together with the unused (but budgeted) use of funds brought forward of £115,730 highlights an overall underspend against budget of £315,022. The Valuation Joint Board's financial position at 31 March 2012 may be summarised as follows:

	Budget	**Actual**	**Variance**
	£	**£**	**£**
Net Expenditure/(Income)	2,835,190	2,520,168	(315,022)
In-year Constituent Contribution	(2,719,460)	(2,719,460)	0
Overall (surplus) deficit	115,730	(199,292)	(315,022)
Use of Balances Brought Forward	(115,730)	(115,730)	0
Final Net transfer to year end contribution balance	**0**	**(315,022)**	**(315,022)**

Actual net expenditure of £2,520,168 is noted in the Comprehensive Income and Expenditure Statement on page 30 under Other Operating Income.

The major variances were as follows:

	Variance	
	£	
Staffing	169,418	This underspend is mainly due to employee vacancies. Many of these posts have not been funded within the 2012/13 staffing budget.
Review of Equal Pay Provision	53,000	Single Status Provision has been reviewed and is no longer required as a provision it is now reflected in the financial statements as an earmarked balance for future employee costs.
Travel	16,230	This underspend is mainly due to reduced employee mileage from valuation staff being more office-based in order to complete Revaluation Appeal work. The number of employee's using the car lease scheme has reduced from seven employees to three.
Property	25,193	This underspend is due to utility costs being lower than anticipated. Also levels of Repairs & Maintenance work were lower than anticipated.
Supplies and Services	42,458	This underspend is due to savings in a number of headings (such as postages, printing and stationery) due to operational reviews.

With both the balance brought forward from 2010/11 (£298,844), the in-year contribution 2011/12 (£199,292), taking account of the 2012/13 budget being set using £56,690 of the available balances and the earmarked balance for future employee costs of £53,000 this leaves an unearmarked resources available for use in the future of £388,446.

Foreword by the Treasurer (Cont'd)

Balance Sheet

The balance sheet is shown on page 31 and features an assessed pension fund liability of £2.823m based on the valuation of the fund at 31 March 2012. This results in the Board's Balance Sheet showing a net liabilities position. Further information on the pension fund is provided in note 3 on pages 41 to 44 the valuation states that assets held at the valuation date were sufficient to cover only 80.3% of the accrued liabilities. It is considered appropriate that the Financial Statements should follow a 'going concern' basis of accounting. Statutory arrangements with the constituent local authorities means that the financial position of the Board remains assured**.**

The pension scheme net liability has increased by £1.604m 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.

Balances Held

The Joint Board has no authority to hold revenue reserves. As such any revenue reserves due at 31 March 2012 are required to be held as creditors due to the three constituent authorities. Unused Capital Reserves are held for earmarked purposes.

Group Financial Statements

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 financial statements.

Acknowledgement

The production of the Annual Financial Statements is very much a team effort and I wish to record my thanks to both my own staff and to colleagues within the Joint Board whose efforts have contributed to the completion of these financial statements.

Stephen West
Treasurer
25 September 2012

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 2011). 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 2012					2010/2011
	Gross Salary, Fees & Allowances	Bonuses	Taxable Expenses	Non-cash expenses & benefits in-kind	Total remuneration	Total remuneration
	£	£	£	£	£	£
David Thomson Assessor & Electoral Registration Officer	92,319	0	0	0	92,319	92,247
Alistair Boyd Depute Assessor	73,947	0	0	0	73,947	73,197

Notes

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

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**	
£	**2011/2012**	**2010/2011**
50,000 - 54,999	2	1
55,000 - 59,999	0	0
60,000 - 64,999	0	0
65,000 - 69,999	0	0
70,000 - 74,999	1	1
85,000 - 89,999	0	0
90,000 - 94,999	1	1
Total	**4**	**3**

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 2012	**For year to 31 March 2011**
	£	**£**
David Thomson	17,547	16,529
Alistair Boyd	14,038	13,188

	Accrued pension benefits – pension		**Accrued pension benefits – lump sum**	
	For year to 31 March 2012	**For year to 31 March 2011**	**For year to 31 March 2012**	**For year to 31 March 2011**
	£	**£**	**£**	**£**
David Thomson	31,211	29,696	79,995	79,995
Alistair Boyd	34,945	33,658	93,925	93,477

Remuneration Report (Cont'd)

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 £18,500 5.50%; above £18,500 and up to £22,600 7.25%; above £22,600 and up to £30,900 8.50%; above £30,900 and up to £41,200 9.50%; and above £41,200 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.

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;

- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and

- to approve the Financial Statements.

The Treasurer's Responsibilities:

The Treasurer is responsible for the preparation of the Authority's Financial Statements 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 this Financial Statements, 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.

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Statement on the System of Internal Financial Control

This statement is given in response to the financial statements of Dunbartonshire and Argyll & Bute Valuation Joint Board for the year ended 31 March 2012. We acknowledge our responsibilities for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within both the Joint Board and West Dunbartonshire Council in particular, the system includes:

- 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.

West Dunbartonshire Council's Head of Audit, Performance & Strategic Planning produces an annual audit plan based on a risk assessment of the Valuation Joint Board's system and processes. The audit plan is endorsed by the Audit & Performance Review Committee of the Council. This Committee meets regularly and received reports from the Head of Audit, Performance & Strategic Planning. Our external auditors also attend. The Head of Audit, Performance & Strategic Planning 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 the CIPFA Code of Practice for Internal Audit in Local Government. The Head of Audit, Performance & Strategic Planning meets regularly with chief internal auditors for other authorities and staff 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 2012;
- 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 Head of Audit, Performance and Strategic Planning stating that reasonable assurance can be placed upon the adequacy and effectiveness of West Dunbartonshire Council's internal control system in the year to 31 March 2012.

Signed:	**David C Thomson** **Assessor and Electoral Registration Officer**	**Signed :**	**Stephen West** **Treasurer**
Date:	**25 September 2012**	**Date:**	**25 September 2012**

Introduction to Financial Statements

The financial statements comprise the following primary statements:

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

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the Board's services, more details of which are shown in the comprehensive income and expenditure statement. The net increase/decrease before transfer to earmarked reserves line shows the statutory general fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Board.

Comprehensive Income and Expenditure Statement

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

Balance Sheet

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

Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the Board during the reporting period. The statement shows how the Board generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Board's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Board.

Movement in Reserves Statement

2011/12

	Usable Reserves		Unusable Reserves				
	Fund Balance	**Capital Requisition Unapplied Account**	**Capital Adjustment Account**	**Revaluation Reserve**	**Pension Reserve**	**Statutory Mitigation Account**	**Total Reserves**
	£	**£**	**£**	**£**	**£**	**£**	**£**
Opening Balance as at 1 April 2011	**0**	**115,706**	**721,513**	**85,152**	**(1,219,000)**	**(15,869)**	**(312,498)**
Movements on Reserves							
Surplus or (Deficit) on provision of Services	153,511	0	0	0	0	0	**153,511**
Other Comprehensive Income and Expenditure	0	0	0	0	(1,697,000)	0	**(1,697,000)**
Total Comprehensive Income and Expenditure	**153,511**	**0**	**0**	**0**	**(1,697,000)**	**0**	**(1,543,489)**
Adjustments between accounting basis & funding basis							
Depreciation/ Impairment	27,915	0	(27,915)	0	0	0	**0**
Pension Scheme Adjustment	(93,000)	0	0	0	93,000	0	**0**
Net Transfer to or from earmarked reserves required by legislation (i.e. holiday pay accrual)	924	0	0	0	0	(924)	**0**
Capital receipts applied to fund capital expenditure	(43,194)	0	43,194	0	0	0	**0**
Capital Requisitions unapplied	(28,156)	28,156	0	0	0	0	**0**
Adjustments between accounting basis and funding basis under regulations	(18,000)	18,000	0	0	0	0	**0**
Total Statutory Adjustments	**(153,511)**	**46,156**	**15,279**	**0**	**93,000**	**(924)**	**0**
Increase/Decrease in Year	**0**	**46,156**	**15,279**	**0**	**(1,604,000)**	**(924)**	**(1,543,489)**
Balance at 31 March 2012	**0**	**161,862**	**736,792**	**85,152**	**(2,823,000)**	**(16,793)**	**(1,855,987)**

Movement in Reserves Statement (Cont'd)

Comparative Figures 2010/11

	Usable Reserves		Unusable Reserves				
	Fund Balance	**Capital Requisition Unapplied Account**	**Capital Adjustment Account**	**Revaluation Reserve**	**Pension Reserve**	**Statutory Mitigation Account**	**Total Reserves**
	£	**£**	**£**	**£**	**£**	**£**	**£**
Opening Balance as at 1 April 2010	**0**	**26,219**	**689,526**	**85,152**	**(4,093,000)**	**(18,621)**	**(3,310,724)**
Movements in Reserves							
Surplus or (Deficit) on provision of Services	1,293,226	0	0	0	0	0	**1,293,226**
Other Comprehensive Income and Expenditure	0	0	0	0	1,705,000	0	**1,705,000**
Total Comprehensive Income and Expenditure	**1,293,226**	**0**	**0**	**0**	**1,705,000**	**0**	**2,998,226**
Adjustments between accounting basis & funding basis							
Depreciation/ Impairment	22,332	0	(22,332)	0	0	0	**0**
Pension Scheme Adjustment	(1,169,000)	0	0	0	1,169,000	0	**0**
Statutory Repayment of Debt	(7,017)	0	7,017	0	0	0	**0**
Net Transfer to or from earmarked reserves required by legislation	(2,752)	0	0	0	0	2,752	**0**
Capital requisitions applied to fund capital expenditure	(47,302)	0	47,302	0	0	0	**0**
Capital requisitions unapplied	(89,487)	89,487	0	0	0	0	**0**
Total Statutory Adjustments	**(1,293,226)**	**89,487**	**31,987**	**0**	**1,169,000**	**2,752**	**0**
Increase/Decrease in Year	**0**	**89,487**	**31,987**	**0**	**2,874,000**	**2,752**	**2,998,226**
Balance at 31 March 2011	**0**	**115,706**	**721,513**	**85,152**	**(1,219,000)**	**(15,869)**	**(312,498)**

Note: The 2010/11 figures have been restated due to change in presentation. Note 16 provides an explanation of the adjustments to prior year's figures.

Comprehensive Income and Expenditure Statement

2010/11 Gross Expenditure £	2010/11 Gross Income £	2010/11 Net Expenditure £		Notes	2011/12 Gross Expenditure £	2011/12 Gross Income £	2011/12 Net Expenditure £
			Income				
0	(34,075)	(34,075)	Customer Receipts		0	(30,352)	(30,352)
			Expenditure				
2,119,765	0	2,119,765	Staffing Costs		2,008,647	0	2,008,647
118,712	0	118,712	Property Costs		93,597	0	93,597
50,188	0	50,188	Transport Costs		48,020	0	48,020
198,615	0	198,615	Supplies & Services		202,988	0	202,988
22,229	0	22,229	Payment to Other Bodies		34,420	0	34,420
148,973	0	148,973	Support Services		149,788	0	149,788
22,332	0	22,332	Depreciation, Amortisation & Impairment	5/6	27,915	0	27,915
(1,177,000)	0	(1,177,000)	Non Distributed Costs		0	0	0
1,503,814	**(34,075)**	**1,469,739**	**Net Cost of Service**		**2,565,375**	**(30,352)**	**2,535,023**
		(2,818,660)	Revenue Contributions	14			(2,719,460)
		203,531	Transfer to Creditors				199,292
		(2,615,129)	**Other Operating Income**				**(2,520,168)**
		(1,145,390)	**Net Operating Income**				**14,855**
		(583)	Interest Earned				(16)
		536	External Interest Payable				0
		(11,000)	Pension Interest Cost and Expected return on Pension Assets	3			(97,000)
		(136,789)	Capital Contributions				(71,350)
		(147,836)	**Finance and Investment Income and Expenditure**				**(168,366)**
		(1,293,226)	**(Surplus)/Deficit on provision of services**				**(153,511)**
		(1,705,000)	Actuarial (gains)/losses on pension fund assets and liabilities	3			1,697,000
		(1,705,000)	**Other comprehensive Income & Expenditure**				**1,697,000**
		(2,998,226)	**Total Comprehensive Expenditure**				**1,543,489**

Note: The 2010/11 figures have been restated due to change in presentation. Note 16 provides an explanation of the adjustments to prior year's figures.

Balance Sheet

2010/11 £	Notes		2011/12 £
801,801	5	Property, plant and equipment	819,678
5,198	6	Intangible Assets	2,600
806,999		**Total Long Term Assets**	**822,278**
707,911	8	Short Term Debtors	807,446
400	9	Cash and Cash Equivalents	400
708,311		**Current Assets**	**807,846**
(89,000)	11	Provisions	0
(333)		Short Term Borrowing	0
(519,475)	10	Short Term Creditors	(663,111)
(608,808)		**Current Liabilities**	**(663,111)**
(1,219,000)	3	Net Pensions Liability	(2,823,000)
(1,219,000)		**Long Term Liabilities**	**(2,823,000)**
(312,498)		**Net Assets**	**(1,855,987)**
		Represented by:	
115,706	7	Usable Reserves	161,862
(428,204)	12	Unusable Reserves	(2,017,849)
(312,498)		**Total Reserves**	**(1,855,987)**

The unaudited Financial Statements were issued on 30 June 2012 and the audited accounts were authorised for issue on 25 September 2012.

Note: The 2010/11 figures have been restated due to an adjustment between cash and cash equivalents and short term debtors. Note 16 provides an explanation of the adjustments to prior year's figures.

Stephen West
Treasurer
25 September 2012

Cash Flow Statement

2010/11 £	Notes		2011/12 £
		Operating Activities	
(2,817,986)		Grants	(2,719,460)
(31,215)		Sale of goods and rendering of services	(30,352)
(2,849,201)		Cash Inflows from Operating Activities	(2,749,812)
2,170,532		Cash paid to and on behalf of employees	2,135,232
774,612		Other payments for operating activities	651,448
2,945,144		Cash Outflows from Operating Activities	2,786,680
95,943		Net Cash Flows from Operating Activities	**36,868**
		Investing Activities	
40,894		Purchase of Assets	34,498
(136,790)		Other receipts from investing activities	(71,350)
(95,896)		**Net Cash Flows from Investing Activities**	**(36,852)**
		Financing Activities	
536		Interest Paid	0
(583)		Interest Received	(16)
(47)		**Net Cash Flows from Financing Activities**	**(16)**
0		**Net (Increase)/Decrease in Cash and Cash Equivalents**	**0**
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)
0			**0**

Note: The 2010/11 figures have been restated due to cash and cash equivalents. Note 16 provides an explanation of the adjustments to prior year's figures.

Notes to the Financial Statements

Note 1 - Accounting Policies

1. General Principles

The Financial Statements summaries the Board's transactions for the 2011/12 financial year and its position at the year end of 31 March 2012. The Board is required to prepare an Annual Financial Statements 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 2011/12 ("the Code") and the Service Reporting Code of Practice for Local Authorities 2011/12.

The accounting convention adopted in the Financial Statements 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.

Note 1 - Accounting Policies (Cont'd)

4. Changes in Accounting policies, Estimates and Errors

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

Changes in accounting estimates are accounted for prospectively.

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

5. Charges to Revenue for non-current assets

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

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

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

6. Intangible assets

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

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

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

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.

Note 1 - Accounting Policies (Cont'd)

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

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.

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

Note 1 - Accounting Policies (Cont'd)

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

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.

<u>Impairment</u>

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.

<u>Depreciation</u>

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 in 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.

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 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 Fund balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision 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 Board 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 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 x% (based upon the indicative return rate on long dated high quality corporate bonds)

- The assets of the local government pension fund attributable to the Board are included in the Balance Sheet at their fair value as follows:

    - Quotes securities – current bid price
    - Unquoted securities – professional estimate
    - Unitised securities – current bid price
    - Property – market value

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.
  - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
  - Expected return of assets – the annual investment return on the fund assets attributable to the Board, based on an average of the expected long term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - Gains/losses on settlements and curtailments – the result of actions to relieve the Board of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus 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

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 Financial Statements is authorised for issue. Two types have been identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements is adjusted to reflect this;

- Those that are indicative of conditions that arose after the reporting period – the Financial Statements 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.

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 existent 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

The Joint Board has no authority to hold revenue reserves. As such, any revenue reserves due at 31 March 2012 are required to be held as creditors due to the three constituent authorities. Unused Capital Reserves are held for earmarked purposes.

Note 2 – Operating Leases

Board as Lessor

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

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

31 March 2011 £		31 March 2012 £
23,800	Not later than one year	25,048
110,259	Later than one year and not later than five years	110,686
103,941	Later than five years	78,466
238,000		**214,200**

Note 2 – Operating Leases (Cont'd)

Board as Lessee

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

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

31 March 2011 **£**		**31 March 2012** **£**
13,595	Not later than one year	13,517
46,236	Later than one year and not later than five years	39,869
41,947	Later than five years	35,742
101,778		**89,128**

Note 3 – Defined Benefit Pension Schemes

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

The Board participates in the following pension schemes:

The Strathclyde Local Government Pension Scheme, which is a defined benefit statutory scheme, operated as Strathclyde Pension Fund, and administered by Glasgow City Council in accordance with the Strathclyde Local Government Pension Scheme (Scotland) Regulations 1998. This is a funded scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets. The employers' contribution rate is set by the Fund actuaries following valuation. The employer contribution rate for 2011/12 was 19.3%, and 2012/13 is set at 19.3%. In 2011/12, the Board paid an employer's contribution of £0.289m (2010/11 £0.291m).

In addition, the Board is responsible for all pension payments relating to added years' benefits which it has awarded together with the related increases. Strain on the Fund costs are charged in year for any early retrials. There was no charge in 2011/12 (2010/11 £59,602).

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.

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

2010/11 £000		2011/12 £000
	Net cost of services	
327	Current service cost	299
(1,177)	Past service cost	0
(850)		**299**
	Financing and investment Income and Expenditure	
767	Interest cost	714
(778)	Expected return on assets	(811)
(861)	**Total post employment benefit charged to the Surplus or Deficit on the provision of Services**	**202**
(1,705)	Actuarial gains and losses	1,697
(2,566)	**Total post employment benefit charged to the comprehensive income and expenditure statement**	**1,899**
	Movement in Reserves Statement	
861	Reversal of net charges made to surplus of deficit for post employment benefits	202
	Actual amount charged against the General Fund balance in the year	
291	Employer contributions payable to Scheme	289

Pension Assets and Liabilities

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

	2011/12 £000	**2010/11 £000**	**2009/10 £000**	**2008/09 £000**	**2007/08 £000**
Share of assets in the SPF	10,954	11,697	10,775	7,775	7,580
Estimated liabilities in the SPF	(13,636)	(12,779)	(14,757)	(8,521)	(6,649)
Movement in recoverable amount	0	0	0	0	0
Net (liabilities)/assets in the SPF	(2,682)	(1,082)	(3,982)	(746)	931
Present Value of Unfunded Liabilities Pre Local Government Reorganisation	(141)	(137)	(111)	0	0
Net pension asset/(liability)	**(2,823)**	**(1,219)**	**(4,093)**	**(746)**	**931**

For the Strathclyde Local Government Pension Scheme at 31 March 2012 the Board has a net liability £2,682,000 and for the unfunded liabilities a net liability of £141,000. The Board's net liability of £2,823,000 at 31 March 2012 reflects the future obligations to fund retirement benefits. This represents an increase in the net liability of £1,604,000 compared to the position at 31 March 2011.

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

Pension Assets and Liabilities (Cont'd)

The expected return on assets is based on long term future expected investment return for each asset class as at the beginning of the period. The expected rate of return is 5.8% as at 31/03/12, this is a decrease from 6.9% as at 31/03/11.

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

31/03/2011		**31/03/2012**
6.9%	Expected rate of return	5.8%
2.8%	Inflation/pension increase rate	2.5%
5.1%	Salary increase rate	4.8%
5.5%	Discount rate	4.8%
	<u>Breakdown of expected rate of return:</u>	
7.5%	Equity	6.3%
4.9%	Bonds	3.9%
5.5%	Property	4.4%
4.6%	Cash	3.5%

<u>Mortality</u>

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

	Males	**Females**
Current pensioners	21.0 years	23.4 years
Future Pensioners	23.3years	25.3 years

The local government pension scheme's assets consist of the following categories. As at 31 March 2012, assets are now held at bid value and the historic figures are at mid market value:

2010/11		**2011/12**
77%	Equity	77%
13%	Bonds	11%
6%	Property	7%
4%	Cash	5%

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

Pension Assets and Liabilities (Cont'd)

The actuarial gains/losses identified as movements on the Pension Reserve in 2011/12 can be analysed into the following categories:

	2011/12 £000	2010/11 £000	2009/10 £000	2008/09 £000	2007/08 £000
Actual return less expected return in Pension Scheme Assets	(1,672)	76	2,428	(470)	(778)
As a percentage of scheme assets	(15)%	1%	23%	(6)%	(10)%
Experience gains and losses arising on the scheme liabilities	638	(11)	3	(2,061)	(1)
As a percentage of scheme liabilities	(5)%	0%	0%	24%	0%
(Cumulative)	(1,697)	1,705	(3,182)	(1,796)	730

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

2010/11 £000		2011/12 £000
14,868	Opening balance	12,916
327	Current service cost	299
767	Interest cost	714
102	Contributions by Members	104
(1,629)	Actuarial gains/losses	25
(1,177)	Past service costs/(gains)	0
0	Losses/(gains) on curtailment	0
(17)	Estimated unfunded benefits paid	(6)
(325)	Estimated benefits paid	(275)
12,916		**13,777**

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

2010/11 £000		2011/12 £000
10,775	Opening balance	11,697
778	Expected return on assets	811
102	Contributions by Members	104
291	Contributions by employer	289
17	Contributions in respect of unfunded benefits	6
76	Actuarial gains/losses	(1,672)
(17)	Estimated unfunded benefits paid	(6)
(325)	Estimated benefit paid	(275)
11,697		**10,954**

The total employee contributions expected to be made to the Local Government Pension Scheme for 2011/12 is £289,000 (2010/11 £277,000).

Note 4 – External Audit Costs

In 2011/12 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:

2010/11		2011/12
£		**£**
7,320	Fees payable for external audit services	8,011
0	Rebate against 2010/11 Audit Fees	(609)
7,320		**7,402**

Note 5 – Property, Plant and Equipment

<u>**2011/12**</u>	**Land & Buildings**	**Plant & Equipment**	**Total**
	£	**£**	**£**
Cost or Valuation			
As at 1 April 2011	**788,346**	**58,875**	**847,221**
Additions	19,179	24,015	43,194
As at 31 March 2012	**807,525**	**82,890**	**890,415**
Accumulated Depreciation and Impairment			
As at 1 April 2011	**(32,300)**	**(13,120)**	**(45,420)**
Depreciation Charge	(13,542)	(11,775)	(25,317)
As at 31 March 2012	**(45,842)**	**(24,895)**	**(70,737)**
Net Book Value at 31 March 2011	**756,046**	**45,755**	**801,801**
Net Book Value at 31 March 2012	**761,683**	**57,995**	**819,678**

<u>**Comparative Figures 2010/11**</u>	**Land & Buildings**	**Plant & Equipment**	**Total**
	£	**£**	**£**
Cost or Valuation			
As at 1 April 2010	**762,499**	**37,419**	**799,918**
Additions	25,847	21,456	47,303
As at 31 March 2011	**788,346**	**58,875**	**847,221**
Accumulated Depreciation and Impairment			
As at 1 April 2010	**(20,050)**	**(5,636)**	**(25,686)**
Depreciation Charge	(12,250)	(7,484)	(19,734)
As at 31 March 2012	**(32,300)**	**(13,120)**	**(45,420)**
Net Book Value at 31 March 2010	**742,449**	**31,783**	**774,232**
Net Book Value at 31 March 2011	**756,046**	**45,755**	**801,801**

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 6 – 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:-

2010/11 £		2011/12 £
	Balance at start of year:	
12,992	Gross carrying amount	12,992
(5,196)	Accumulated amortisation	(7,794)
7,796	**Net carrying amount at start of year**	**5,198**
(2,598)	Amortisation for the period	(2,598)
5,198	**Net carrying amount at end of year**	**2,600**
	Comprising:	
12,992	Gross carrying amounts	12,992
(7,794)	Accumulated amortisation	(10,392)
5,198		**2,600**

Note 7 – Capital Expenditure and Capital Financing

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

2010/11 £		2011/12 £	2011/12 £	2011/12 £
36,988	West Dunbartonshire Council	19,290		
34,758	East Dunbartonshire Council	18,130		
65,044	Argyll and Bute Council	33,930	71,350	
26,219	Unapplied Capital contributions b/forward		115,706	
0	Capital Financed through Current Revenue		18,000	205,056
163,009	**Capital expenditure incurred during the year:**			
0	Purchase of New Servers		(1,412)	
0	Upgrade PC's		(19,833)	
(21,456)	Review of communications		(2,770)	
(25,847)	Upgrade to buildings		(19,179)	(43,194)
115,706	**Unapplied Capital contributions c/forward**			**161,862**

Note 8 – Debtors

2010/11 £		2011/12 £
	Other Entities and Individuals	
1,632	Other Debtors	1,188
706,279	Other Local Authorities	806,258
707,911		**807,446**

Note 9 – Cash and Cash Equivalents

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

2010/11 £		2011/12 £
400	Imprest	400
400		**400**

Note 10 – Creditors

2010/11 £		2011/12 £
358,919	Other Local Authorities	498,136
160,556	Other Entities and Individuals	164,975
519,475		**663,111**

Note 11 – Provisions

	Balance 01/04/11 £	Contributions £	Used £	Reversed £	Balance 31/03/12 £
Equal pay claims and single status payments	89,000	0	(36,000)	(53,000)	0
	89,000	**0**	**(36,000)**	**(53,000)**	**0**

Equal pay claims and single status payments – The Board implemented a Single Status pay structure in January 2010. This provision was held for possible future equal pay claims through outstanding tribunal cases and appeals on revised gradings including additional increments from the new pay structure.

After reviewing the provision in 2011/12, the resources can no longer be classed as a provision as it is no longer a "liability of uncertain timing or amount". As these resources are still required, the balance is now showing as an earmarked balance.

Note 12 – Unusable Reserves

31 March 2011 £		31 March 2012 £
721,513	Capital Adjustment Account	736,792
85,152	Revaluation Reserve	85,152
(1,219,000)	Pension Reserve	(2,823,000)
(15,869)	Statutory Mitigation Account	(16,793)
(428,204)	**Total Unusable Reserves**	**(2,017,849)**

Note 12 – Unusable Reserves (Cont'd)

Capital Adjustment Account

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

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

Revaluation Reserve

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

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

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

Pension Reserve

The pension reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Board accounts for post employment benefits in the comprehensive income and expenditure as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However statutory arrangements 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 Receipts Reserve

The capital receipt reserve contains resources earmarked for Phase 3 of Building upgrade - 235 Dumbarton Road and planned upgrade of personal computers.

Note 13 – Contingent Assets & Liabilities

The Board has not identified any Contingent Assets and Liabilities.

Note 14 – Contributions from Authorities

2010/11 £		2011/12 £
1,340,273	Argyll & Bute Council	1,293,103
716,222	East Dunbartonshire Council	691,015
762,165	West Dunbartonshire Council	735,342
2,818,660		**2,719,460**

Note 15 – 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 due from the local authorities to the Board are detailed in Note 14.

As at 31 March 2012 the Board held a balance carried forward of £498,136 which is held within the creditors balance.

Note 16 – Explanation of Prior Year Adjustments

1. The 2010/11 figures have been restated as a result of presentation changes to the Movement in Reserves Statement. These changes have also had an impact on the 2010/11 Comprehensive Income & Expenditure Statement (only those figures that have changed are included in the table).

	Original £	Restatement £	Revised £
Movement in Reserves Statement			
Usable Reserves			
Fund Balance			
Surplus/(Deficit) on Provision of Services	1,156,437	136,789	1,293,226
Total Comprehensive Income & Expenditure	1,156,437	136,789	1,293,226
Capital Requisitions Applied to Fund Capital Expenditure	0	(47,302)	(47,302)
Capital Requisitions Unapplied	0	(89,487)	(89,487)
Total Statutory Adjustments	(1,156,437)	(136,789)	(1,293,226)
Capital Requisitions Adjustment Account			
Capital Requisitions Applied to Fund Capital Expenditure	89,487	(89,487)	0
Capital Requisitions Unapplied	0	89,487	89,487
Unusable Reserves			
Capital Adjustment Account			
Other Comprehensive Income &Expenditure	136,789	(136,789)	0
Total Comprehensive Income &Expenditure	136,789	(136,789)	0
Capital Requisitions Applied to Fund Capital Expenditure	(89,487)	136,789	47,302
Total Statutory Adjustments	(104,802)	136,789	31,987
Comprehensive Income & Expenditure Statement			
Capital Contributions	0	(136,789)	(136,789)
Finance and Investment Income and Expenditure	(11,047)	(136,789)	(147,836)
Surplus/(Deficit) on Provision of Services	(1,156,437)	(136,789)	(1,293,226)
Surplus/(Deficit) Arising on the Revaluation of Fixed Assets	(136,789)	136,789	0
Other Comprehensive Income &Expenditure	(1,841,789)	136,789	(1,705,000)

Note 16 – Explanation of Prior Year Adjustments (Cont'd)

2. There has been a reclassification to amounts previously stated under cash and cash equivalents. These changes have had the following impact upon the comparator figures for 2011 compared with those published in the 2010/11 Accounts (only those figures that have changed are included in the table).

	Original £	Restatement £	Revised £
Balance Sheet			
Short Term Debtors	1,188	806,258	707,911
Cash and Cash Equivalents	806,658	(806,258)	400
Cashflow			
Cash Payments for Operating Activities	541,249	233,363	774,612
Cash Outflows from Operating Activities	2,711,781	233,363	2,945,144
Net Cashflows from Operating Activities	(137,420)	233,363	95,943
Net (Increase)/Decrease in Cash & Cash Equivalents	(233,363)	233,363	0
Cash & Cash Equivalents at the beginning of the Reporting Period	473,316	472,916	400
Cash & Cash Equivalents at the end of the Reporting Period	(706,679)	706,279	(400)

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

I certify that I have audited the financial statements of Dunbartonshire and Argyll & Bute Valuation Joint Board for the year ended 31 March 2012 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statements, Movement in Reserves Statement, Balance Sheet, and Cash-Flow Statements, the related notes and the Statement of Accounting Policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the 2011/12 Code).

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

Respective responsibilities of the Treasurer and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2011/12 Code of the state of the affairs of the joint board as at 31 March 2012 and of the income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2011/12 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

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

Matters on which I am required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Statement on the System of Internal Financial Control does not comply with the 2011/12 Code; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Elaine Boyd (FCCA)
Senior Audit Manager
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Plaza Tower
East Kilbride
G74 1LW

25September 2012