



*Dunbartonshire and Argyll & Bute
Valuation Joint Board*

ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

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**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
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JOINT BOARD MEMBERS AND OFFICIALS AS AT 31 MARCH 2021

ARGYLL & BUTE COUNCIL

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

EAST DUNBARTONSHIRE COUNCIL

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

WEST DUNBARTONSHIRE COUNCIL

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

OFFICIALS

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

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MANAGEMENT COMMENTARY

GENERAL SERVICE AIMS AND OBJECTIVES

WHO WE ARE AND WHAT WE DO

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

OUR AIMS

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

COMMITMENTS

Within the constraints of the continuing tight public finance regime, we are committed to:

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

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

1.0 INTRODUCTION

This report comprises the Joint Board's Management Commentary to the Annual Accounts in relation to the 2020/21 financial year.

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

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

Throughout the year the operation, management and services of the Joint Board were affected, to varying extents by the Coronavirus pandemic and the Government restrictions introduced to control the outbreak. Notwithstanding, the main statutory duties of the Assessor and ERO were complied with. This was only possible after a major expansion of home working for staff and significant process redesign. Some processes remain dependent on manual or public facing elements, however, and so employee presence in the workplace was varied throughout the year in response to operational need, government restrictions and public health advice.

The pandemic also resulted in government passing various items of legislation that altered the timetables for delivery of, and compliance with, the Assessor & ERO's statutory duties.

One area of function which was particularly affected was the disposal of Non-Domestic Rating appeals. The unavailability of some appellants' agents, the inability of either party to survey subjects under appeal and the cancellation of all Valuation Appeal Committee (VAC) hearings all acted to slow down expected progress. The 2,415 appeals submitted in respect of the pandemic in March 2020 and a further tranche of circa 2,191 (subject to ongoing validation checks) received in March 2021 have merely added to the burden of appeal disposal. The restrictions on travel and internal property inspections meant that maintenance of the Valuation Roll required significant process change.

The Non-Domestic Rates (Scotland) Act, which was born out of the 2018 Barclay Review, received assent on 11 March 2020. The Act, and its secondary legislation, brings about substantial change in the Non-Domestic Rating (NDR) system, more detail of which is provided below.

Maintenance of the Council Tax List remained relatively stable but, as with non-domestic rating, disposal of proposal and appeals was hindered significantly during the year.

The annual Electoral Register was published on 1 December 2020 following a completely reformed canvass procedure. A major feature of the electoral year was the contingency and resilience planning for the Scottish Parliament Election in May 2021. 2020 also saw the franchise for Scottish Parliamentary and Local Government elections (including voting rights for non-nationals and some prisoners) being extended.

The Management Team continues to be the main forum for decision making within the organisation. It met regularly throughout 2020/21 to manage statutory functions and operations, and develop, implement and monitor policies and strategies.

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1.0 INTRODUCTION (Cont'd)

All future projections contained within this Commentary are based on current timetables and assumptions but these could be affected as the Coronavirus situation progresses.

2.0 GENERAL PROGRESS IN RELATION TO STATUTORY FUNCTIONS

2.1 NON-DOMESTIC RATING

Aims

- To carry out a general revaluation, currently every 5 years (3 years from 2023);
- To timeously compile and maintain the Valuation Roll in accordance with the relevant legislation, to take account of new properties, properties which should no longer be entered in the roll, properties which have been altered, changes to the parties shown in the Roll and other changes arising from statute or other decisions of the Courts;
- To consolidate or improve upon the time taken between the date on which amendments to the Valuation Roll are effective and the date on which the Valuation Notice is issued;
- To publish the annual Valuation Roll and make it available to interested parties; and
- To deal with appeals by discussion with ratepayers or their agents, or by hearing of appeals before the appropriate valuation appeal bodies.

2017 Revaluation

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

As reported above, progress in relation to disposal of appeals was directly and indirectly affected by the pandemic. Notwithstanding, 188 Revaluation appeals were disposed of during 2020/21, taking the cumulative disposals to 3,335. In total 1,038 (31%) have resulted in a rateable value adjustment and 2,297 (69%) have resulted in no adjustment. Additionally, 139 Revaluation appeals were referred to the Lands Tribunal and therefore fell out of the general disposal schedule.

In September, The Valuation Timetable (Disposal of Appeals and Complaints) (Coronavirus) (Scotland) Amendment Order 2020 was passed, delaying the appeal disposal date for 2017 Revaluation appeals and all running roll appeals submitted up to March 2020 to 31 December 2021. This provided some much needed scope to dispose of appeals by negotiation or local hearing during 2021 but, with VACs having not conducted any hearings and restrictions on survey and inspection still in force, only limited progress has been made. As a result, even the revised schedule for disposal is challenging.

Maintenance of the Valuation Roll

The Valuation Roll was updated to take account of additions, alterations and deletions. 984 amendments were made during the year. The reduction in RV during the year arises primarily from appeal adjustments, the change year-on-year is summarised as follows:

Total No of entries @ 1st April 2020	15,141
Total Rateable Value @ 1st April 2020	£367.7million
Total Number of entries @ 31st March 2021	15,359
Total Rateable Value @ 31st March 2021	£365.6million

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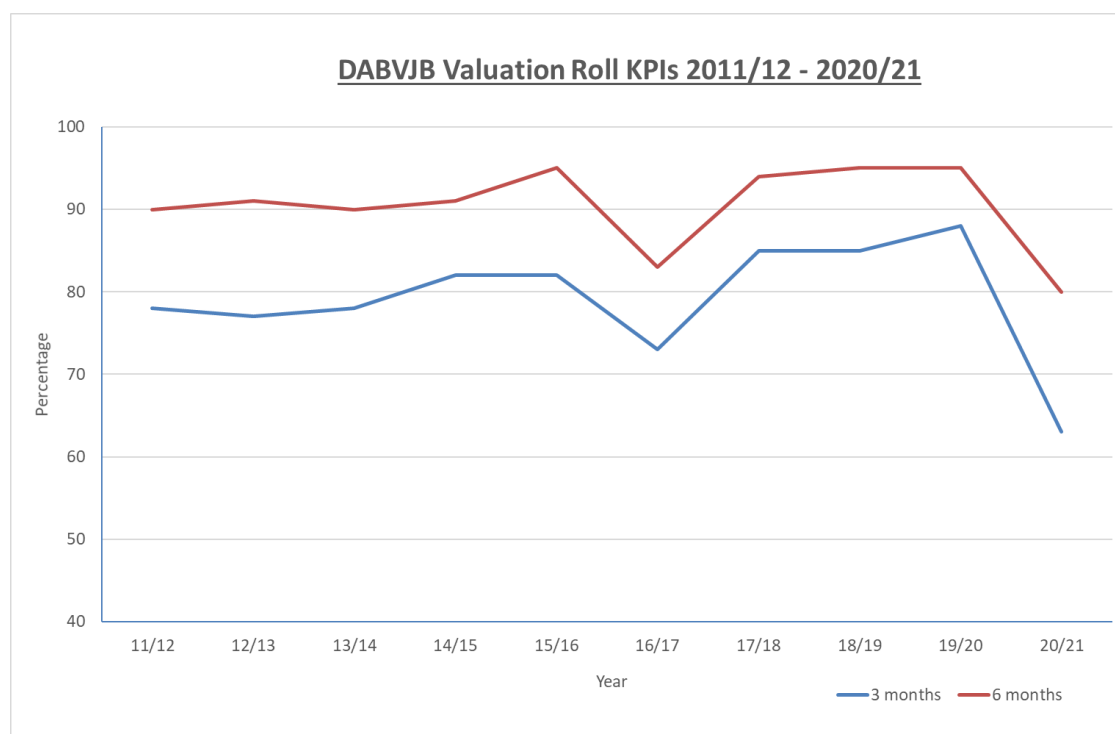
2.1 NON-DOMESTIC RATING (Cont'd)

The national Key Performance Indicator in relation to non-domestic valuation is the time taken from the effective date of amendments to the date a Valuation Notice in respect of each change is issued. The following table sets out the targets and actual performance information for 2020/21:

Period	Actual 2019/20	Target 2020/21	Actual 2020/21				
			Argyll & Bute	West D'shire	East D'shire	VJB Area	All Scotland*
0-3 months	88%	76%	63.2%	74.2%	50.6%	63%	51%
3-6 months	7%	15%	18.4%	13.5%	10.1%	17%	20%
>6 months	5%	9%	18.4%	12.3%	39.3%	20%	29%

*Data from 13 of 14 Assessors, subject to verification

Performance was, as indicated above, badly affected by our limited capability to survey and inspect property throughout the year. This was exacerbated by the government's introduction of various COVID grants which resulted in non-domestic uses of property coming to light retrospectively and 'cumulo' subjects contained within the valuation roll being split into individual entries as ratepayers sought to maximise grants availability. These factors, together, resulted in our performance being significantly poorer than over recent years, as shown in the chart below:



Lands Tribunal – 2005 and 2010 Appeals

Appeals which have been referred to the Lands Tribunal are of a complex nature or are likely to have national implications. 2020/21 saw some progress in relation to disposal of these and, at 31 March 2021, 5 appeals remain outstanding from the 2005 cycle and 28 appeals from the 2010 cycle.

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2.1 NON-DOMESTIC RATING (Cont'd)

2017 Running Roll Appeals

During the year 2,386 new running roll appeals were received, though 57 of these remain subject to validation checks. 344 running roll appeals were disposed of leaving 4,811 outstanding.

In March, a second tranche of 2,191 appeals (included in the above) were received, claiming a material change of circumstances either directly arising from, or implied as being consequential to, the COVID outbreak. The disposal dates for these appeals are in March 2022 and dealing with these appeals constitutes a very significant additional burden on the service.

Revaluation

The next Revaluation was scheduled to take effect on 1 April 2022 based on a valuation date of 1 April 2020. In the light of the Covid-19 pandemic, however, the Valuation (Postponement of Revaluation) (Coronavirus) (Scotland) Order 2020 was enacted to delay the next Revaluation until 1 April 2023 with a valuation date of 1 April 2022.

In parallel with the Scottish Assessors Association (SAA), local Revaluation Project Plans have been updated accordingly and work towards meeting all requirements continues. It must be noted, however, that the volume of outstanding appeals, combined with the ongoing restrictions which are preventing VAC Hearings taking place and a recent loss of valuation staff through retirement and resignation, constitute real risks to our preparations for the Revaluation. This issue has been added to the 2021 Board Risk Register.

Non-Domestic Rating Reform

New powers to require information from ratepayers, and others, came into effect on 1 April 2020 along with powers to serve Civil Penalty Notices for failure to supply the requested information. The Valuation Appeal Committee (Procedure in Civil Penalty Appeals)(Scotland) Regulations, which were required to practically implement the Civil Penalty appeals process, were not passed and brought into force until December 2020. The new regime is now in place and will be used to gather rental and other data for the next Revaluation.

The Non-Domestic Rates (Scotland) Act 2020 (Commencement No.2 and Transitional Provisions) Regulations 2020, which came into force in November 2020, specify the dates on which various sections of the main Act came/will come into force, as follows:

Reform	Coming into force
Local authorities given power to determine whether subjects fall to be considered as domestic subjects (Intention is to set new criteria for defining self-catering units)	5 November 2020
Business Growth Accelerator (BGA) marks for 'new' and 'improved' properties to be shown in Valuation Rolls	1 April 2021
Appeals system to be altered to a 2-stage 'proposals' and 'appeals' process	1 April 2022
Certain public parks, parts of parks and buildings within parks to be entered in the Valuation Roll	1 April 2023

The requirements to allow the display of BGA markers in the Valuation roll have been effected and consultation is ongoing in respect of the two-stage appeals process. The planned implementation of changes to the definition of self-catering units with effect from 1 April 2021 has been delayed until April 2022.

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2.1 NON-DOMESTIC RATING (Cont'd)

Further pieces of secondary legislation will be required to fully implement the Act. Detail in relation to secondary legislation and policy intention remains slow to come forward, thus impacting on the ability to plan for the changes. Notwithstanding the above, progress has been made in respect of recruitment and ICT system development.

The Scottish Government has supported the implementation of NDR reform through the provision of funding via the constituent councils. For 2020/21, £197,000 was provided to offset additional costs of reform, which were incurred across a number of budget lines. Due to a number of factors, including delays to the required legislation and the pandemic, this funding was underspent by £49,324 which the Scottish Government has required to be returned to them; a further £246,000 has been provided for 2021/22.

2.2 COUNCIL TAX

Aims

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

Maintenance of Valuation List

The year to 31 March 2021 saw 917 additions to the Council Tax List and a net increase in the number of dwellings shown in the Council Tax List as follows:

Total Number of entries @ 1st April 2020	145,569
Total Number of entries @ 31st March 2021	146,143

The national Key Performance Indicator in relation to Council Tax valuation is the time taken from the effective date of additions to the Valuation List to the date a Banding Notice in respect of each new entry is issued. The table (below) sets out the target and actual performance information for 2020/21 compared with the actual figures for 2019/20 and shows that our targets were achieved:

Period	Actual 2019/20	Target 2020/21	Actual 2020/21				All Scotland*
			Argyll & Bute	West D'shire	East D'shire	VJB Area	
0-3 months	96%	86%	87.8%	97.2%	78.8%	88%	83%
3-6 months	3%	9%	7.3%	1.2%	15.3%	8%	11%
>6 months	1%	5%	4.9%	1.6%	5.9%	4%	6%

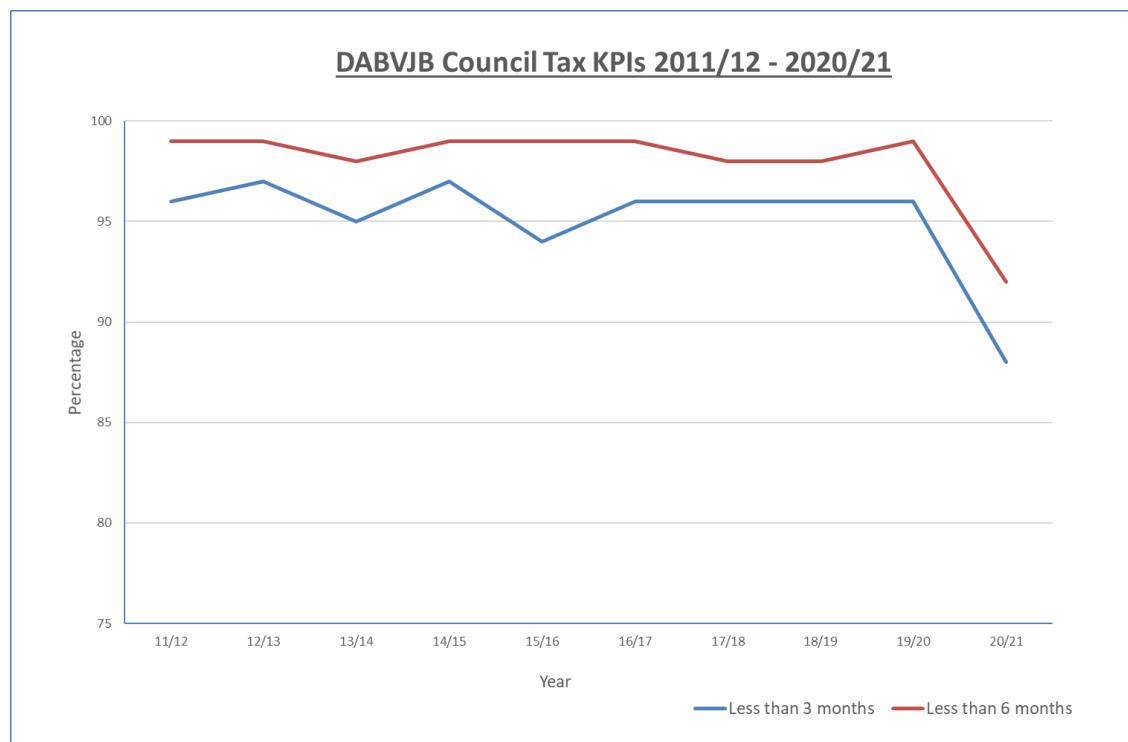
* Data from 13 of 14 Assessors, subject to verification

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2.2 COUNCIL TAX (Cont'd)

Maintenance of Valuation List (Cont'd)

The pattern of performance over a longer period is shown below. As with maintenance of the Valuation Roll, performance in this area of operation was adversely affected by the COVID restrictions and retrospective notifications of changes of use, as illustrated in the following chart:



Proposals and Appeals

During the year, 206 (327 in 2019/20) new proposals to change property Bands were received and 143 (302 in 2019/20) were disposed of, leaving 279 outstanding at the end of the year.

2.3 ELECTORAL REGISTRATION

Aims

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

Individual Electoral Registration (IER), which was introduced in 2014, resulted in significant additional costs over the previous regime. To support this the Cabinet Office has provided direct funding each year since. A late acknowledgement by the Cabinet Office that the costs of IER may not be removed completely in the first year of a reformed canvass (see below) resulted in receipt of unplanned funding of £14,965.

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2.3 ELECTORAL REGISTRATION (Cont'd)

Electoral Registration and Publication of the Register

The Representation of the People (Annual Canvass) (Amendment) Regulations 2019 and The Representation of the People (Annual Canvass) (Miscellaneous Amendments) (Scotland) Regulations 2020 made provision for the annual electoral canvass process to be amended from 2020 onwards. The overall aims of the changes were to reduce the administration of the canvass and to allow EROs to focus resources on areas where they are most required. Instead of issuing all households with a 'Household Enquiry Form', EROs could issue more specific communications dependent upon the result of a new pre-issue data-matching step.

Households where the electors had been data matched received 'route 1' correspondence that did not require a response unless the elector details required to be updated or changed. Households where the register did not match to other trusted data sources received 'route 2' correspondence that did require a response.

Under the reformed canvass, EROs remained duty bound to make a 'personal contact' to households which had not made a response to a 'route 2' form. This, however, had to be balanced against the public health guidance pertaining at the time. Following a risk assessment of the process, and having made changes to the canvassers' approach to face-to-face contact, a full door knock, amounting to visits to 14,140 households, was completed during the canvass in 2020. Covid-related health & safety training was added to canvassers' normal training, which was provided remotely, and ample sanitising products were provided to each canvasser. No Coronavirus-related issues arose from the door-to-door canvass and no canvassers reported any negative feedback from the public during the process.

The return rates for Route 2 properties are shown below:

Local Authority	'Route 2' Forms issued	2020 Return Rate
Argyll and Bute Council	8,940	55.85%
East Dunbartonshire Council	7,616	60.32%
West Dunbartonshire Council	9,687	39.28%
Total	26,243	51.03%

Given the different approach to the canvass, comparison with previous years' response rates is of no relevance or assistance.

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

Method of Response	2020 Canvass	
	No of Returns	% age return
Post	4,170	15.9%
Electronic (web/phone/SMS)	6,446	24.6%
Phone/Email contact	1,128	4.3%
Door-to-door canvass	587	2.2%
Verified as second home/long term empty	1,052	4.0%
Returned/Empty/ Other	9	0.03%
Total	13,392	51.03%

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2.3 ELECTORAL REGISTRATION (Cont'd)

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

During the canvass period there were 7,783 electors added to the registers for the Joint Board area and 8,777 deletions. This resulted in a total electorate of 224,800 at publication on 1 December, split as shown below:

Local Authority	Electorate
Argyll & Bute	69,098
East Dunbartonshire	68,801
West Dunbartonshire	86,901

The total electorate figure is up on the total at publication in November 2019, though the year-to-year total electorate is quite varied, as shown below:

Year	No of Electors
2020	224,800
2019	219,861
2018	219,637
2017	222,507
2016	221,078
2015	218,668

Absent Voters

Generally, the trend in Absent Voter numbers since IER was introduced has been downward and this continued in the register published in December 2020. Absent voter applications increased significantly in the run up to the Scottish Parliament Election (SPE) cut-off for applications on 27 April 2021 when the Absent Voters list for the SPE stood at 49,846 which represents 22% of the eligible electorate and is an increase of 48% since publication, as follows:

Year	No of Absent Voters
April 2021	49,846
2020	33,595
2019	33,916
2018	34,110
2017	35,918
2016	37,764
2015	38,376

Rolling Registration

Rolling Registration is the process of dealing with changes that take place outwith the canvass period. During 2020 rolling registration was extended into and through the canvass period for the first time. It is therefore not possible to split the annual changes arising from canvass and those arising specifically from rolling registration activities any longer. In the period between publication on 1 December 2020 and the 31 March 2021 update to the register, there were 9,238 additions to the register and 4,441 deletions.

Electoral Performance

Given the circumstances of the pandemic, the Electoral Commission did not formally roll-out their new Performance Standards regime.

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2.3 ELECTORAL REGISTRATION (Cont'd)

Electoral Performance (Cont'd)

The Standards were published, however, and a 'gap-analysis' of our activities and reporting capability against the standards has been completed and we have engaged with the Commission on the expectations and likely future processes.

Franchise Extension

The Scottish Elections (Franchise and Representation) Act received assent on 1 April 2020 and provided for the extension of the franchise for Scottish Parliamentary and Local Government elections to include certain Prisoners and non-national residents of Scotland.

Arrangements have been made with the Scottish Prison Service to facilitate the registration of relevant prisoners and a leaflet targeted at encouraging newly qualified, non-national residents to register was inserted with canvass correspondence.

Both changes required development of our Electoral Management System costing a total of £30,752, though this was offset by grant funding of the same amount from Scottish Government. Further grant of £8,114 was provided to cover the additional administrative overheads arising from these changes.

Elections

Providing appropriate contingency and resilience for the Scottish Parliament Election in May 2021 required a significant amount of planning and allocation of resource throughout the financial year.

Given the ongoing Coronavirus pandemic and the restrictions applied in response to it, the Government was keen to ensure that all necessary steps were taken to ensure the smooth and safe running of the election, as scheduled. There was a general expectation that there would be a surge in applications for absent voting, with Electoral Commission research suggesting that up to 40% of electors might apply for either a postal or proxy vote. Further, an increase in emergency proxy vote applications was also expected from electors who had to self-isolate at short notice.

Arising from these concerns the Convenor of the Electoral Management Board for Scotland issued a formal Direction to EROs "to put in place capacity to facilitate the processing of the likely volume of postal vote applications in time for the election". The direction indicated that the likely volume was 40% of the electorate.

In light of these concerns and indications, the Scottish Government confirmed that it would provide funding of £158,274 to meet the additional costs of effecting suitable resilience and contingency measures. This funding was used to provide additional temporary staff and meet additional overtime, stationery, postage, engagement, hardware and software costs. Scottish Government also funded the cost (£55,448) of issuing of a Household Notification Letter (HNL) to each household in February 2021.

Issuing the HNLs, which detailed all residents currently registered and provided advice on voting options, in parallel with a television information campaign did have the intended effect of 'flattening the curve' of postal vote application volumes and moved the majority of them away from the expected peak around the cut-off date. Further, the application volumes did not increase to the levels predicted (see above) and all election timetables were met.

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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 in accordance with the Joint Board's IT Strategy and the recommendations from West Dunbartonshire Council's ICT Service.

The redevelopment of NDR systems to accommodate the forthcoming reforms is an ongoing focus for our ICT staff. In particular, development to allow the provision of Business Growth Accelerator (BGA) (or 'New' and 'Improved') markers in the Valuation Roll and on Valuation Notices was completed and progress has been made in developing a new rental analysis system. The back-office developments which will permit displaying an expanded range of property type valuations at the SAA web portal were also implemented.

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

We have continued to participate in the Scottish Assessors' web portal's Project Management Committee, Project Team and Working Groups to enhance the site (www.saa.gov.uk). During 2020/21 significant resource was invested in providing a new on-line rental information return form with a much improved user experience.

In addition to these planned activities significant resource was expended in facilitating home working as a reaction to the Coronavirus restrictions. New hardware and peripherals were procured and installed, along with the necessary security for remotely accessing the VJB network and the roll-out of collaboration software.

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 2019/20 Public Performance Report was published during 2020/21 on our web site (www.saa.gov.uk/dab-vjb/).

Performance Management and Planning

The Management Team continues to be the main forum for planning and management of performance. In accordance with our Performance and Management Planning process, a number of actions were taken, or were ongoing, during 2020/21 which are detailed in the Annual Governance Statement on pages 26 to 29.

Audit

In May 2020 Internal Audit completed their report on an audit of our risk management systems which had been carried out largely during 2019/20. The Audit Report concluded that the risk management systems examined are working well and highlighted several areas of good practice. In response to the single action in the agreed Action Plan, a full COVID Risk Register was established and used to manage the risks as they evolved during the year.

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3.2 BEST VALUE (Cont'd)

Audit (Cont'd)

An internal audit planning meeting in October identified that it would be appropriate to:

- (a) review the adequacy and effectiveness of planning which was being undertaken for the 2021 Scottish Government Election, given the challenges which may be presented by the Covid-19 pandemic, and
- (b) provide management with an assessment of the adequacy and effectiveness of the governance, risk management and controls over the key risks faced by the Valuation Joint Board in relation to the Electoral Canvass Reform Programme.

The reports on these two areas of function concluded that:

- (a) Although a number of unknowns still existed in relation to the 2021 Election at the time of the fieldwork, VJB Management appeared to have taken adequate and appropriate actions in relation to their planning for the 2021 Election to, and
- (b) The overall control environment opinion for the review of canvass reform was satisfactory.

In relation to the latter review, a number of areas of good practice were highlighted and several actions for improvement, largely relating to analysis of the outcomes of the canvass, were agreed. That analysis of the 2020 canvass is ongoing as we prepare for 2021.

An External Audit Plan was agreed which identified the main areas where auditors will direct scrutiny for the audit of 2020/21, as follows:

- Ensure that controls are in place to ensure that management cannot override financial controls;
- Ensure that systems are in place to prevent and detect fraud in relation to expenditure;
- Investigate and evaluate the risk of material misstatement in the financial statements;
- Examine the Joint Boards resources and capability to meet the requirements of the Non-Domestic Rates (Scotland) Act 2020; and
- Assess the impact of the additional work required to prepare for the Scottish Parliamentary Election on other core functions of the Joint Board.

Customer Satisfaction

Users of the Joint Board's services are randomly sampled and issued with questionnaires to seek their perception of the service provided to them. Being a non-statutory process, the work involved in completing this survey was suspended in the early part of the 2020/21 year, thus resulting in much smaller sample sizes than in previous years. A summary of the results for the year, which should be viewed with this caveat in mind, is provided below.

	2016/17	2017/18	2018/19	2019/20	2020/21
Was the person with whom you communicated professional, courteous and helpful?	97%	99%	94%	98%	92%
Was the matter brought to a satisfactory conclusion immediately?	68%	62%	60%	61%	56%
Was the matter brought to a satisfactory conclusion?	97%	97%	93%	97%	89%
Are you satisfied with the quality of the information or advice given to you?	97%	96%	93%	96%	90%

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3.2 BEST VALUE (Cont'd)

Customer Satisfaction (Cont'd)

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

Complaints Procedure

The Joint Board has, for some time, operated a Complaints Procedure which is in line with the Public Sector Ombudsman's Model Complaints Handling Procedure (MCHP). During the year a revised CHP, which is aligned to the Ombudsman's revised Model, was developed and approved. It was implemented on 1 April 2021

There were 4 complaints received during 2020/21, compared to 14 in 2019/20 and 18 in 2018/19, with all of these relating to Electoral Registration. All complaints received were resolved at the front line resolution stage on the day they were made. No complaints were escalated to the Investigation stage or referred to the Ombudsman. The content and outcome of complaints are discussed at the regular management team meetings and any opportunities for organisational learning are implemented.

Financial Performance

Comprehensive Income and Expenditure Statement

This account covers the day-to-day operational expenditure of the Joint Board and is shown on page 31 of the Annual Accounts. On an accounting basis the deficit on the provision of service for the financial year reported in the Comprehensive Income and Expenditure Statement is £0.213m. However this takes account of Statutory Adjustments between the accounting and funding basis of (£0.331m) as shown in the Expenditure and Funding Analysis table shown on page 43. Thus, resulting in an in-year surplus of £0.118m as summarised below:

	Comprehensive Income & Expenditure Statement	Statutory Adjustments	Actual	Budget	Variance
	£000	£000	£000	£000	£000
Employee Costs	2,457	(262)	2,195	2,355	(160)
Property Costs	105	0	105	126	(21)
Transport Costs	7	0	7	47	(40)
Supplies & Services	308	0	308	264	44
Payments to Other Bodies	43	0	43	50	(7)
Support Services	123	0	123	123	0
Depreciation	15	(15)	0	0	0
Other Costs:					
(Pensions/Interest)	75	(76)	(1)	0	(1)
Total Expenditure	3,133	(353)	2,780	2,965	(185)
Requisition Income	(2,755)	0	(2,755)	(2,804)	49
Capital Income	(22)	22	0	0	0
Grant Income	(132)	0	(132)	0	(132)
Rental Income	(2)	0	(2)	(2)	0
Sales, Fees & Charges	(9)	0	(9)	(5)	(4)
Total Income	(2,920)	22	(2,898)	(2,811)	(87)
(Surplus)/Deficit for the year	213	(331)	(118)	154	(272)

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

3.2 BEST VALUE (Cont'd)

Financial Performance (Cont'd)

Comprehensive Income and Expenditure Statement (Cont'd)

The main budget variances are shown below:

Spend Area	Variance £000	Comments
Employee	160	The favourable variance is mainly due to vacancies and a delay in filling vacancies, partly arising from inability to attract appropriate candidates. Ill-health retirement costs were lower than anticipated due partly to a change in the premium rate applied and partly to staff numbers being temporarily reduced at April 2020
Transport	40	Due to Covid-19 travelling expenses were underspent as survey and inspection work has not been possible and travel to meetings has been minimal
Supplies & Services	(44)	The overspend is mainly due to an additional mail out requested by the Scottish Government and the costs of upgrading ICT systems for the changes to the electoral franchise. The increased costs were off-set equivalent income from Scottish Government
Income	132	When the budget was set there was no expectation of further funding, however £0.015m grant funding was received from the UK Government for on-going costs of Individual Electoral Registration. Grant was also received from The Scottish Government for the extension of the electoral franchise (£0.039m); provide contingency and resilience for the Scottish Parliament Elections (£0.023); and to issue Household Notification letters (£0.055m)

Balance Sheet

The balance sheet shown on page 34 features an assessed pension fund liability of £2.426m based on the valuation of the fund at 31 March 2021. This results in the Board's Balance Sheet showing a net liabilities position. Further information on the pension fund is provided in note 4 on pages 45 to 48 and the valuation states that assets held at the valuation date were sufficient to cover only 88% of the accrued liabilities. It is considered appropriate that the Annual Accounts should follow a 'going concern' basis of accounting. Statutory arrangements with the constituent local authorities mean that the financial position of the Board remains assured.

The pension scheme net liability has decreased by £0.764m as advised by the appointed actuaries, and this is mainly as a result of the movement in the discount rate. The appointed actuaries remain of the view that the asset holdings of Strathclyde Pension Scheme and the contributions from employees and employers provide sufficient security and income to meet future pension liabilities.

General Reserves

At their Board meeting on the 16 November 2012, the Board approved a Balance and Reserves Policy. The Board's Prudential Reserves Policy is to retain a prudential target of 2% of net expenditure i.e. constituent authority requisition level (20/21 £0.055m) or £100,000, whichever is higher.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

Balance Sheet (Cont'd)

General Reserves (Cont'd)

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

As at 31 March 2021 the Board held total usable reserves of £0.743m (of which £0.041m relates to unapplied capital reserves) with the remaining balance comprising revenue reserves of £0.702m. A proportion of this is identified as an earmarked balance (£0.129m) to balance the 2022/23 budget. Once the earmarked balances are accounted for this leaves £0.573m of general reserves available for future use (including £100,000 prudential reserve above).

The Joint Board recognises the difficult financial climate facing public services and has continued to seek efficiencies where possible. The level of requisition made by the Board for 2020/21 remained the same as 2019/20. The board also received £0.193m from the Scottish Government passed onto to the board from constituent authorities for the implementation of the Barclay Review. Due to delays to the required legislation and the pandemic the Board was unable to utilise the full grant and underspent by £49,324. This underspend is required to be returned to the Scottish Government.

Given the forecast reduction in funding for local government into the future it is anticipated that levels of funding may be challenging going forward into 2021/22 and beyond and management continue to plan for this to ensure ongoing service delivery reflecting the increasing workload to the Board.

Provisions and Contingencies

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

Group Annual Accounts

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

Risk Management

Risk Registers and the resultant Action Plan are revised annually. Inclusions in the Board (Strategic) Risk Register at the 2021 review were:

- The potential for the Joint Board or its statutory officials to fail to meet their respective statutory duties, particularly with so much impending legislative change expected in the NDR function;
- The acute concern, in light of the expected surge in absent voter and emergency proxy applications, regarding delivery of our statutory functions in respect of the May 2021 Scottish Parliamentary Election;
- The risk to both the Assessor and ERO’s statutory functions and to Joint Board employees’ health arising from the coronavirus pandemic. As well as adding this risk to the Board Risk Register a separate risk register detailing the effects of the pandemic and the government restrictions was drafted and used to record and mitigate the risks arising throughout the year;
- Current and expected future local government settlements, with static or reduced funding, bring a number of related financial risks and/or risk of failure to meet statutory duties, particularly in light of the changes to NDR and the likely long terms effects on public sector funding caused by the coronavirus outbreak;

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

Balance Sheet (Cont'd)

Risk Management(Cont'd)

- The potential failure to deliver a successful and accurate Revaluation in 2023 and/or implement the changes introduced by the Non-Domestic Rating (NDR) Reform Act, particularly in the context of a back-log in appeal disposals, the loss of qualified members of staff and recent failures to attract suitably qualified personnel;
- Further to the above, the combined effect of the back-log in appeal disposals, the ongoing lack of VAC Hearings and the receipt of further material change of circumstances appeals in March 2021 increase the risk of failing to dispose of appeals by the statutory deadlines; and
- The dependency of the Joint Board on ICT for delivery of its statutory functions and service delivery.

As well as the above Board Risk Register, which focusses on strategic risks, the Management Team annually review an Operational Risk Register and a number of other risk registers. All risks have planned actions to mitigate or minimise each risk and progress against these actions is monitored regularly at Management Team meetings.

The risks in relation to the Scottish Parliamentary Election were been successfully managed and all statutory requirements and timetable were met. That risk will, therefore be treated as being closed.

3.3 EQUALITIES

The Joint Board's stated Equality 'Outcomes' have, for some years, been as follows:

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

An Equality Report was published in April 2021 that contains updates on our progress in achieving these Outcomes, Workforce Monitoring and Pay Gap. The Report can be viewed in full at <https://www.saa.gov.uk/dab-vjb/wp-content/uploads/sites/5/2021/04/Public-Sector-Equality-Duty-Report-2021-1.pdf>. In line with our Specific Equalities Duties, that report also contains a review of our stated outcomes.

The progress made in relation to increased declaration of disability and sexual orientation within the workforce is encouraging and it is important that the positive steps that have been taken are continued. It is also important that we continue to monitor service users' views in light of ongoing and future changes in statutory function. The above Outcomes will therefore be retained into the future. An additional Outcome with the aim of reducing the level of gender based occupational segregation has also been adopted.

3.4 STAFFING MATTERS

Development and Training

In any 'normal' year, employees review their training needs with their line manager and the resultant Training and Development Plan informs the provision of training throughout the year. For various reasons, including the pending policy review (see below) and the interruptions caused by the pandemic, annual reviews did not take place during 2020/21.

In line with an action from a Governance self-assessment, the current process was revised during 2019/20 to include elements of performance management and this resulted in a new Performance, Training and Development Policy being approved by the Joint Board in September 2020.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

3.4 STAFFING MATTERS (CONT'D)

Development and Training (Cont'd)

During autumn 2020 Line Managers piloted the new Policy through a limited number of 'performance and development conversations' which indicated a need for a more corporate approach to implementation. Progress has been made and roll-out briefings are scheduled to take place following the Scottish Parliamentary Election, with performance and development conversations to take place thereafter.

In addition to staff's Core Training programme, training was provided across a range of subjects in 2020/21 largely through in-house training and e-learning facilities. Specific attention was given to training and guidance materials for the reforms to the electoral canvass.

The last year proved to be another one of significant turnaround in employees. Having made several appointments in line with the 2020/21 Workforce Plan, we suffered from, or were given notice of, five resignations and two retirements which will take effect in the period up to June 2021. Six temporary staff were employed for a period of six weeks during the preparations for the Scottish Parliament Election. A 2021/22 Workforce Plan has been approved and the Management Team will continue to use that Plan along with performance information to keep staffing levels under review.

Personnel Policies

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

3.5 FREEDOM OF INFORMATION

The Joint Board's 'Guide to Information' was updated and maintained as required with relevant documents available from <https://www.saa.gov.uk/dab-vjb/wp-content/uploads/sites/5/2020/12/DAB-Guide-to-Information-through-the-MPS-December-2020.pdf>

A 'business as usual' approach has been taken to the majority of requests for information received, but in the calendar year to December 2020, 6 requests which specifically referred to the Freedom of Information Act were received. This compares to 15 requests in 2019 and 58 in 2018.

Two requests related to Electoral Registration, two to Non-Domestic Rating and two to Council tax. All requests were answered within the statutory timescales, some after clarification of the request was sought. There were no recurring requests that could be satisfied by proactive publication of any particular information.

3.6 RECORDS MANAGEMENT

An invitation to make a submission to the Keeper of the Records under the Progress Update Review process by May 2020 was not taken up but a progress update is in preparation for submission in May 2021.

3.7 PARTNERSHIPS

The Valuation Joint Board is actively involved in several partnerships with one of the most significant of these being the senior staff's membership of the Scottish Assessors' Association. More on the association can be found at <https://www.saa.gov.uk/about-the-saa/>.

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

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

3.7 PARTNERSHIPS (CONT'D)

During 2020/21, the Association was active as a consultative body in relation to secondary legislation arising from the 2020 Non-Domestic Rating (Scotland) Act. The SAA has established a project plan for delivering the 2023 Revaluation, NDR reforms and other Barclay requirements. The SAA also took a lead role in government liaison and in the co-ordination of EROs' contingency and resilience plans for the Scottish Parliamentary Election.

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

The Valuation Joint Board obtains all of its 'back-office' functions including human resources, legal support, ICT support and financial services from West Dunbartonshire Council under a Service Level Agreement. Thanks are due to all of the West Dunbartonshire Council officials who support the Joint Board with specific thanks due to Joanne Thomson in WDC's Financial Resources Service who is moving to new pastures after providing the Joint Board with sterling support for a number of years.

3.8 CONCLUSION

2020/21 was a year in which all walks of life were dominated by the coronavirus pandemic and the Joint Board was no different. Initially our services were disrupted by the statutory lock-down and the direction to work from home but our staff reacted admirably both in expanding our home working capability and in redesigning our processes to allow many of them to be carried out digitally and, thereby, remotely. These changes did require the redirection of staff away from planned projects and work streams but they did allow us to progress our main statutory duties, including the full completion of a reformed annual electoral canvass.

The effects of the pandemic continued, albeit at varying levels, throughout the year. Planning for, and delivering, contingency and resilience in respect of the Scottish Parliamentary Election became hugely significant parts of our work. The statutory delay to both the NDR appeal disposal timetables and the next Revaluation provided essential breathing space but the slow-down in appeal disposal has already compressed the time available to deliver on both fronts.

Although the current indications in respect of the ongoing pandemic are encouraging, we will need to keep an awareness of the wider public health situation and revise plans and services accordingly. If there has been one over-riding theme in this last year it has been the need to flex to external circumstances.

Staff turnover is a fact of life but it is clear that loss of surveying staff, when taken with recent difficulties in recruiting qualified valuers, pose a risk to future service delivery.

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

Councillor Richard Trail

Councillor Richard Trail
Convenor of the Board

Date: 15 September 2021

David Thomson

David Thomson
Assessor & Electoral Registration
Officer

Date: 15 September 2021

Stephen West

Stephen West
Treasurer

Date: 15 September 2021

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

REMUNERATION REPORT

Introduction

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

Arrangements for Remuneration

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

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

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

Remuneration

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

Table 1: Remuneration of Senior Employees

Name	Position at 31/03/21	Year ended 31 March 2021		2019/20
		Salary, Fees & Allowances £000	Total Remuneration £000	Total Remuneration £000
David Thomson	Assessor & Electoral Registration Officer	104	104	101
Robert Nicol	Depute Assessor & ERO	86	86	84

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

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

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

REMUNERATION REPORT (Cont'd)

Remuneration of Employees receiving more than £50,000

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

Table 2: Remuneration

Bands £	Number of Employees	
	2019/2020	2020/2021
50,000 to 54,999	0	1
55,000 to 59,999	2	0
60,000 to 64,999	0	2
80,000 to 84,999	1	0
85,000 to 89,999	0	1
100,000 to 104,000	1	1
Total	4	5

Pension Benefits

For local government employees, the LGPS 2015 is a career average pension scheme. This means that pension benefits from 01/04/2015 are based on pensionable pay with inflation added. Pension is accrued at a rate of 1/49 of pensionable pay for each scheme year. Pension benefits can be accessed from age 55 but are reduced for retirements prior to 60th birthday. Pension benefits accrued before 1 April 2015 are protected and are based on final pay on retiring.

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

Table 3: Contribution Rate

The tiers and members contributions rates for 2020/21 whole time pay	Contribution rate 2020/21
On earnings up to and including £22,200	5.50%
On earnings above £22,201 and up to £27,100	7.25%
On earnings above £27,101 and up to £37,200	8.50%
On earnings above £37,201 and up to £49,600	9.50%
On earnings above £49,601	12.00%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of pay from 1 April 2015. Prior to this the accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
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REMUNERATION REPORT (Cont'd)

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. Retirement can be taken with receipt of benefits in full from the normal pension age. The normal pension age is 65 for any benefits built up before 1 April 2015. For pension build up from 1 April 2015, the Normal Pension Age is not fixed at age 65 but, instead, is the same as the State Pension Age (but with a minimum of age 65).

Pension Benefits of Senior Employees

Table 4: In-year contributions and accrued benefits

Name	For year to 31 March 2021			For year to 31 March 2020		
	In-year Contribution	Accrued pension Pension	benefits Lump Sum	In-year Contribution	Accrued pension Pension	benefits Lump Sum
	£000	£000	£000	£000	£000	£000
David Thomson	21	53	91	20	50	88
Robert Nicol	18	35	49	17	32	47

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.

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.

Exit Packages

There were no exit packages during financial years 2020/21 and 2019/20.

Trade Union Facility Time

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

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
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REMUNERATION REPORT (Cont'd)

Trade Union Facility Time (Cont'd)

Details of the Facility Time within Dunbartonshire and Argyll & Bute Valuation Joint Board during the year to 31 March 2021 are shown in the table below.

Table 5: Trade Union

Trade Union Officials	Trade Union Representative
0	1
Percentage of Time Spent on Facility Time	
Percentage	Employees
Less than <1%	1
Total cost of facility time	
0	
Total pay bill	
£2,140,725	
Percentage of Pay Bill Spent on Facility Time	
0.00%	
Paid TU Activities	
N/A	

Councillor Richard Trail

Councillor Richard Trail
Convenor of the Board
Date: 15 September 2021

David Thomson

David Thomson
Assessor and Electoral Registration Officer
Date: 15 September 2021

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

STATEMENT OF RESPONSIBILITIES

The Boards Responsibilities:

The Board is required to:

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

I confirm that the Annual Accounts were approved for signature by the Board at its meeting on 15 September 2021.

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

Councillor Richard Trail

Councillor Richard Trail
Convenor of the Board
Date: 15 September 2021

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

STATEMENT OF RESPONSIBILITIES (Cont'd)

The Treasurer's Responsibilities:

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

In preparing the Annual Accounts, the Treasurer has:

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

The Treasurer's Responsibilities:

The Treasurer has also:

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

I certify that the Financial Statements give a true and fair view of the financial position of the Board at the reporting date and the transactions of Board for the year ended 31 March 2021.

Stephen West

Stephen West
Treasurer
Date: 15 September 2021

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

ANNUAL GOVERNANCE STATEMENT

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

Scope of Responsibility

Dunbartonshire and Argyll & Bute Valuation Joint Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Board also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging this overall responsibility, elected members and senior officers are responsible for implementing effective arrangements for governing the Board's affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Governance Framework

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

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

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

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

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

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

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

ANNUAL GOVERNANCE STATEMENT (Cont'd)

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

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

The overall control arrangements include:

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

Having considered all the principles of the CIPFA Code of practice on managing the risk of fraud and corruption, I am satisfied that, subject to the action identified below, the Joint Board has, in partnership with West Dunbartonshire Council, adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Action to be taken to manage the risk of fraud:

Action	Responsibility	Target Date
Include a risk specific to the management of risk and fraud in the Joint Board's Operational Risk Register, noting existing mitigations and any actions identified as necessary.	Assessor/ Management Team	July 2021

Review of Effectiveness

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

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

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

- the work of managers within both the Joint Board and West Dunbartonshire Council who have responsibility for the development and maintenance of the financial control framework;
- the work undertaken by West Dunbartonshire Council's Internal Auditors during the year to 31 March 2021;
- the assessment of risk completed during reviews of the strategic audit plan;

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

ANNUAL GOVERNANCE STATEMENT (Cont'd)

Review of Effectiveness (Cont'd)

- 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 Shared Services Manager Audit & Fraud stating that reasonable assurance can be placed upon the adequacy and effectiveness of the Joint Board's internal control system in the year to 31 March 2021.

COVID-19

The pandemic and the government restrictions implemented to control it from March 2020 tested how well the risk management, governance and internal control framework is operating within the Board.

As recommended by Audit Scotland, the Joint Board carried out a review of its governance and risk, in the context of the outbreak, using Audit Scotland's 'Covid-19 – Guide for audit and risk committees'. No significant issues arose from the self-assessment but the Guide provided a formal framework for identifying required actions, many of which have been completed or are ongoing.

Annual Performance

Examples of developments which have led to significant improvement in arrangements for control, governance or risk management within the Joint Board during 2020/21 include:

- To ensure that the new powers given to assessors to improve information gathering capabilities and deter avoidance in respect of non-domestic rating functions were implemented, new forms, processes and procedures around Assessor Information Notices (AINs), Civil Penalties (CPs) and appeals against civil penalties were implemented. A new database was developed and implemented for the administration of AINs. West Dunbartonshire Council's invoicing and receipting systems were developed to facilitate collection;
- To ensure compliance with statute, provide improved targeting of electoral correspondence and to effect significant financial savings, new processes and procedures, including upgraded ICT systems were implemented for both the annual electoral canvass and the extensions of the franchise. A new Canvass Plan was devised and implemented and the Participation Strategy was reviewed. In-house staff and canvasser guidance were produced and training was provided;
- Audit Action Plans were agreed and actions taken that formalised the management of risks arising from the coronavirus outbreak and sought to improve canvass procedures;
- The development and approval of a Performance, Development and Training Policy aims to create a more direct relationship between employees' key tasks and organisational objectives and provide a more formalised structure for management of performance;
- To comply with statute and provide enhanced transparency and accountability in our NDR functions, various process and ICT developments were progressed. In particular, Business Growth Accelerator (BGA), 'new' and 'improved', markers were implemented and the back-office/ICT changes required to facilitate expansion of valuations available at the SAA portal were completed;

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

ANNUAL GOVERNANCE STATEMENT (Cont'd)

Annual Performance (Cont'd)

- A new Complaints Handling Procedure, in line with the new Model Complaints Handling Procedure, that ensures Best Practice in complaints handling, recording, reporting and organisational learning, was developed, approved and implemented;
- An Equalities Report incorporating workforce monitoring, pay gap reporting and a review of the Joint Board's Equalities Outcomes was prepared;
- Home working capability was extended to all relevant staff with new digital processes being implemented in a number of areas of service function, budgetary control and elsewhere. Board meetings were held virtually and reviews of our reaction to the coronavirus pandemic were completed; and
- Various contingency arrangements were planned for and implemented in preparation for the Scottish Parliamentary Election in May 2021, including the establishment of a Risk Register, the employment of temporary staff and procurement of additional equipment.

The following areas were identified by the Assessor & ERO for further improvements in 2021/22:

- Further consideration will be given to the secondary legislation which will be required to implement the Non-Domestic Rates (Scotland) Act. The Management Team, internal NDR Reform Project Team and our ICT Support Team will devise and amend procedures and systems, with a strong focus on the requirement for a new proposals and appeals system to be in place by April 2022;
- The operational requirements to improve accessibility to hard copy Non-Domestic Rating and Council Tax information and data will be reviewed and the requirements for a solution will be scoped and costed, allowing a budget bid to be made in March 2022;
- A review of the outcomes of the 2020 canvass will be completed in line with Internal Audit recommendations and any lessons learned effected for the 2021 and subsequent canvasses;
- The new Performance, Development and Training Policy will be implemented following a 'roll-out' briefing;
- A formal Data Sharing Agreement to formalise the processes and procedures around WDC handling of VJB data for the purposes of HR&OD, payroll and pensions will be developed and agreed;
- A review of the Joint Board's Standing Orders will be completed to ensure that remote/virtual meetings of the Board are compliant; and
- Working with colleagues in the SAA, valuation templates will be agreed and valuations of additional categories of subject will be made available for public view at the Scottish Assessors website on a rolling basis.

Assurance

On the basis of the assurance provided, we consider the governance and internal control environment operating during 2020/21 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

Councillor Richard Trail

Councillor Richard Trail
Convenor of the Board

Date: 15 September 2021

David Thomson

David Thomson
Assessor & Electoral Registration
Officer

Date: 15 September 2021

Stephen West

Stephen West
Treasurer

Date: 15 September 2021

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

INTRODUCTION TO ANNUAL ACCOUNTS

The Annual Accounts comprise the following primary statements:

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

Comprehensive Income and Expenditure Statement

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

Movement in Reserves Statement

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

Balance Sheet

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

Cash Flow Statement

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

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2019/20 Net Expenditure £000		Notes	2020/21 Net Expenditure £000
	Income		
(11)	Customer Receipts		(11)
	Expenditure		
2,446	Employee Costs	2	2,457
111	Property Costs		105
44	Transport Costs		7
250	Supplies & Services		308
30	Payment to Other Bodies		43
123	Support Services		123
14	Depreciation, Amortisation & Impairment	2/6	15
3,007	Net Cost of Service		3,047
(2,735)	Revenue Contributions	13	(2,755)
(77)	Government Grants	14	(132)
(29)	Capital Contributions	10	(22)
(2,841)	Other Operating Income		(2,909)
166	Net Operating Expenditure		138
0	Interest Receivable		(1)
129	Net Interest on the net defined benefit liability/(assets)	4	76
129	Finance and Investment Income and Expenditure		75
295	(Surplus)/Deficit on provision of services		213
(2,362)	Remeasurement of the net defined benefit liability/(assets)	4	(1,074)
(2,362)	Other Comprehensive (Income) & Expenditure		(1,074)
(2,067)	Total Comprehensive (Income) & Expenditure		(861)

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

MOVEMENT IN RESERVES STATEMENT

2020/21

	Usable Reserves		Unusable Reserves				Total Reserves
	Fund Balance	Capital Requisition Unapplied Account	Capital Adjustment Account	Revaluation Reserve	Pension Reserve	Employee Statutory Mitigation Account	
	£000	£000	£000	£000	£000	£000	£000
Opening Balance as at 1 April 2020	584	38	600	35	(3,190)	(23)	(1,956)
Movements in Reserves							
Surplus or (Deficit) on provision of Services	(213)	0	0	0	0	0	(213)
Other Comprehensive Income and Expenditure	0	0	0	0	1,074	0	1,074
Total Comprehensive Income and Expenditure	(213)	0	0	0	1,074	0	861
Adjustments between accounting basis & Funding Basis							
Depreciation	15	0	(15)	0	0	0	0
Pension Scheme Adjustment	310	0	0	0	(310)	0	0
Net Transfer to or from earmarked reserves required by legislation	28	0	0	0	0	(28)	0
Capital requisitions applied to fund capital expenditure	(22)	22	0	0	0	0	0
Capital requisitions unapplied adjustments between accounting basis and funding basis under regulations	(0)	(19)	19	0	0	0	0
Total Statutory Adjustments	331	3	4	0	(310)	(28)	0
Increase/Decrease in Year	118	3	4	0	764	(28)	861
Balance at 31 March 2021	702	41	604	35	(2,426)	(51)	(1,095)
Total Usable		743		Total Unusable		(1,838)	

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

MOVEMENT IN RESERVES STATEMENT

2019/20

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

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

BALANCE SHEET AS AT 31 MARCH 2021

31 March 2020 £000	Notes		31 March 2021 £000
636	6	Property, plant and equipment	640
<u>636</u>		Total Long Term Assets	<u>640</u>
711	7	Short Term Debtors	897
<u>711</u>		Current Assets	<u>897</u>
(113)	8	Short Term Creditors	(206)
<u>(113)</u>		Current Liabilities	<u>(206)</u>
(3,190)	4	Net Pensions Liability	(2,426)
<u>(3,190)</u>		Long Term Liabilities	<u>(2,426)</u>
<u>(1,956)</u>		Net Assets/(Liabilities)	<u>(1,095)</u>
		Represented by:	
622	9/10	Usable Reserves	743
(2,578)	11	Unusable Reserves	(1,838)
<u>(1,956)</u>		Total Reserves	<u>(1,095)</u>

The unaudited Financial Statements were issued on 18 June 2021 and the audited Annual Accounts were authorised for issued on 15 September 2021.

Stephen West

**Stephen West
Treasurer
15 September 2021**

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

CASH FLOW STATEMENT

2019/20 £000		2020/21 £000
	Operating Activities	
(2,812)	Grants	(2,887)
(11)	Sale of goods and rendering of services	(11)
<u>(2,823)</u>	Cash Inflows from Operating Activities	<u>(2,898)</u>
2,249	Cash paid to and on behalf of employees	2,128
587	Other payments for operating activities	773
<u>2,836</u>	Cash Outflows from Operating Activities	<u>2,901</u>
<u>13</u>	Net Cash Flows from Operating Activities	<u>(3)</u>
	Investing Activities	
16	Purchase of Assets	19
(29)	Other receipts from investing activities	(22)
<u>13</u>	Net Cash Flows from Investing Activities	<u>3</u>
	Financing Activities	
0	Interest Payable	0
<u>0</u>	Net Cash Flows from Financing Activities	<u>0</u>
<u>0</u>	Net (Increase)/Decrease in Cash and Cash Equivalents	<u>0</u>
0	Cash and cash equivalents at the beginning of the reporting period	0
0	Cash and cash equivalents at the end of the reporting period	0
<u>0</u>		<u>0</u>

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE ANNUAL ACCOUNTS

Note 1 - Accounting Policies

1. General Principles

The Annual Accounts summarise the Board's transactions for the 2020/21 financial year and its position at the year end of 31 March 2021. The Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 1985. Section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code") and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS).

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

2. Accruals of Income and Expenditure

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

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

3. Cash and Cash Equivalents

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

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

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

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

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

NOTES TO THE ANNUAL ACCOUNTS (Cont'd)

4. Changes in Accounting policies, Estimates and Errors

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

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

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

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

5. Charges to Revenue for non-current assets

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

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

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

6. Intangible assets

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

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

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

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.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

Note 1 - Accounting Policies (Cont'd)

7. Property, Plant and Equipment

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

Recognition

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

Measurement

Initially measured at cost, comprising of:

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

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

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

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

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

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

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

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

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

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.

Impairment

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

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

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

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

Depreciation

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

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

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

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

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

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

8. Employee Benefits

Benefits payable during employment

Short term employee benefits (i.e. fall due within 12 months of the year-end), such as wages and salaries, paid leave, paid sick leave, bonuses and non-monetary benefits for current employees are recognised as an expense in the year in which the employees render service to the Board.

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

8. Employee Benefits (Cont'd)

Benefits payable during employment (Cont'd)

An accrual is made against the services in the Surplus or Deficit on the Provision of Service for the costs of holiday entitlement and other forms of leave earned by the employee but not taken before the year end and which employees can carry forward into the next financial year. Any accrual made is required under statute to be reversed out of the General Fund balance by a credit to the Employee Statutory Mitigation Account in the Movement in Reserves Statement.

Termination Benefits

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

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

Post-Employment Benefits

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

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

- The liabilities of the pension fund attributable to the Board are included within the Balance Sheet on an actuarial basis using the projected unit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based upon assumptions about mortality rates, employee turnover rates and projection of earnings for current employees),
- Liabilities are discounted to their value at current prices using a discount rate of 2% (based upon the indicative return rate on long dated high quality corporate bonds);
- All assets are at bid value and are split into Quoted Prices in Active Markets and Prices not quoted in Active Markets, they are now shown in the notes in more detail; and
- Split by Equity Securities, Debt Securities, Private Equity, Real Estate, Investment Funds, Derivatives, Cash.
- The change in the net pensions liability is analysed into six components:
 - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked;

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

Note 1 - Accounting Policies (Cont'd)

Post-Employment Benefits (Cont'd)

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

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

Discretionary Benefits

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

9. Events after the reporting period

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

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

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

10. Operating Leases

Board as Lessee

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

Board as Lessor

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

Provisions

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

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

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

Contingent Liabilities

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

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

11. Contingent assets

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

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

12. VAT

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

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

Note 1 - Accounting Policies (Cont'd)

13. Reserves

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

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

Note 2 – Expenditure and Funding Analysis

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

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

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

2020/21

	Net Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Employee Costs	2,195	262	2,457
Depreciation	0	15	15
Capital Income	0	(22)	(22)
Net Interest on the net defined benefit liability/(assets)	0	76	76
Total	2,195	331	2,526

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

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

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

Note 3 – Operating Leases

Board as Lessor

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

The minimum lease payments in future years are:

31 March 2020 £000		31 March 2021 £000
2	Not later than one year	2
3	Later than one year and not later than five years	0
0	Later than five years	0
5		2

Board as Lessee

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

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

31 March 2020 £000		31 March 2021 £000
4	Not later than one year	3
4	Later than one year and not later than five years	10
0	Later than five years	0
8		13

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

Note 4 – Defined Benefit Pension Schemes

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

The Board participates in the Strathclyde Local Government Pension Scheme, which is a defined benefit statutory scheme, operated as Strathclyde Pension Fund, and administered by Glasgow City Council in accordance with the Strathclyde Local Government Pension Scheme (Scotland) Regulations 1998. This is a funded scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.

The employers' contribution rate is set by the Fund actuaries following valuation. The employer contribution rate for 2020/21 is set at 23.3% and 2019/20 was 23.3%. In 2020/21, the Board paid an employer's contribution of £0.313m (2019/20 £0.301m).

In addition, the Board is responsible for all pension payments relating to added years' benefits which it has awarded together with the related increases. Strain on the Fund costs are charged in year for any early retirals. There was no Severance or Strain on the Fund Payments during financial year 2020/21 (2019/20: £0).

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

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

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

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

Restated 2019/20 £000		2020/21 £000
	Net cost of services	
687	Current service cost	556
(171)	Past service cost (including curtailments)	0
516		556
	Financing and investment Income and Expenditure	
129	Net Interest	76
129		76
645	Total post-employment benefit charged to the Surplus or Deficit on the provision of Services	632
1,485	Return on assets excluding amounts included in net interest	(4,854)
(2,763)	Changes in financial assumptions	5,293
(967)	Changes in demographic assumptions	(856)
(117)	Other experience	(657)
(2,362)	Total remeasurements recognised in Other Comprehensive Income (OCI)	(1,074)
	Movement in Reserves Statement	
(645)	Reversal of net charges made to surplus of deficit for post-employment benefits	(632)
	Actual amount charged against the General Fund balance in the year	
301	Employer contributions payable to Scheme	313

The underlying assets and liabilities for retirement benefits attributable to the Board as at 31 March 2021 are as follows:

	2019/20 £000	2020/21 £000
Fair value of plan assets	21,366	25,545
Present Value of defined benefit obligations	(24,345)	(27,736)
Net (liabilities)/assets in the Strathclyde Pension Fund	(2,979)	(2,191)
<u>Present Value of Unfunded Liabilities</u>	(211)	(235)
Pre Local Government Reorganisation		
Net pension asset/(liability)	(3,190)	(2,426)

For the Strathclyde Local Government Pension Scheme at 31 March 2021 the Board has a net liability £2.191m and for the unfunded liabilities a net liability of £0.235m. The Board's net liability of £2.426m at 31 March 2021 reflects the future obligations to fund retirement benefits. This represents a decrease in the net liability of £0.764m compared to the position at 31 March 2020.

The actual return on assets is based on long term future investment return for each asset class as at the beginning of the period. The actual rate of returns is 25.1% as at 31/03/21, this is an increase from (4.2%) as at 31/03/20.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

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

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

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

2019/20		2020/21
£000		£000
27,626	Opening balance	24,556
687	Current service cost	556
(171)	Past service cost (including curtailments)	566
666	Interest cost	103
102	Contributions by Members	5,293
(2,763)	Actuarial gains/losses in financial assumptions	(1,706)
(117)	Other Experience	(9)
(9)	Estimated unfunded benefits paid	(532)
(498)	Estimated benefits paid	(856)
(967)	Changes in demographic assumptions	
24,556		27,971

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

2019/20		2020/21
£000		£000
22,409	Opening balance	21,366
(1,485)	Expected return on assets	4,854
537	Interest Income	490
102	Contributions by Members	103
301	Contributions by employer	313
9	Contributions in respect of unfunded benefits	9
(9)	Estimated unfunded benefits paid	(9)
0	Other experience	(1,049)
(498)	Estimated benefit paid	(532)
21,366		25,545

The Valuation Joint Board's share of the pension funds asset at 31 March 2021 comprised:

Asset Category	31 March 2021			31 March 2020		
	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Total £000	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Total £000
Equity Securities	5,793	30	5,823	4,929	13	4,942
Debt Securities	0	0	0	670	0	670
Private Equity	0	4,704	4,704	0	2,553	2,553
Real Estate	0	2,078	2,078	0	1,934	1,934
Investment funds and unit trusts	235	12,227	12,462	7,014	2,093	9,107
Derivatives	(2)	0	(2)	0	0	0
Cash & Cash Equivalent	466	14	480	1,100	1,060	2,160
Totals	6,492	19,053	25,545	13,713	7,653	21,366

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

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

Asset and Liability Matching Strategy (ALM)

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

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

	31 March 2021
Actual rate of return	25.1%
Inflation/pension increase rate	2.85%
Salary increase rate	3.55%
Discount rate	2.00%

Mortality

Life expectancy is based on the Funds VitaCurves with improvements in line with the CMI 2020 model with a 0% weighting of 2020 data, standard smoothing(Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	19.8 years	22.6 years
Future Pensioners	21.2 years	24.7 years

Sensitivity Analysis

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

	Approximate % increase to Employer Liability	Approximate monetary Amount (£000)
Rate for discounting fund liabilities (0.5% decrease)	10%	2,689
Rate of salary increase (0.5% increase)	2%	475
Rate of pension increase (0.5% increase)	8%	2,139

The total employer contributions expected to be made to the Local Government Pension Scheme for 2021/22 is £351,000.

Note 5 – External Audit Costs

In 2020/21 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:

2019/20 £000		2020/21 £000
7	Fees payable for external audit services	8
<u>7</u>		<u>8</u>

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

Note 6 – Property, Plant and Equipment

	Land & Buildings £000	Plant & Equipment £000	Total £000
Movements in costs or values			
1 April 2019	621	146	767
Additions	0	16	16
31 March 2020	621	162	783
Additions	0	19	19
31 March 2021	621	181	802
Movements in depreciation and impairment			
1 April 2019	(11)	(123)	(134)
Depreciation charge	(3)	(10)	(13)
31 March 2020	(14)	(133)	(147)
Depreciation charge	(4)	(11)	(15)
31 March 2021	(18)	(144)	(162)
Net Book Value			
At 31 March 2020	607	29	636
At 31 March 2021	603	37	640

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. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Note 7 – Debtors

2019/20 £000		2020/21 £000
8	Other Entities and Individuals	5
703	Other Local Authorities	892
711		897

Note 8 – Creditors

2019/20 £000		2020/21 £000
18	Central Government Bodies	54
80	Other Entities and Individuals	140
15	Other Local Authorities	12
113		206

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

Note 9 – Balances & Reserves

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

	£000
Opening Balance at 1 April 2020	584
Revenue Gains/(Losses) on the fund	118
Closing Balance at 31 March 2021	702
Earmarked Balances:-	
2021/22 Budget	(129)
Total Earmarked Balance	(129)
Total General Reserves (incl. £0.100m prudential reserve)	573

Note 10 – 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.

2019/20		2020/21
£000		£000
29	Contributions from Authorities	12
0	Capital Funding from Current Revenue (CFCR)	10
25	Unapplied Capital contributions b/forward	38
	Capital expenditure incurred during the year:	
(6)	Upgrade PCs	(5)
(10)	Servers	(1)
0	Scanners & Laptops	(8)
0	Network Upgrade - Clydebank	(5)
38	Unapplied Capital contributions c/forward	41

Note 11 – Unusable Reserves

2019/20		2020/21
£000		£000
600	Capital Adjustment Account	604
35	Revaluation Reserve	35
(3,190)	Pension Reserve	(2,426)
(23)	Employee Statutory Mitigation Account	(51)
(2,578)	Total Unusable Reserves	(1,838)

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.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

Note 11 – Unusable Reserves (Cont'd)

Capital Adjustment Account (Cont'd)

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

Revaluation Reserve

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

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

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

Pension Reserve

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

Employee Statutory Mitigation Account

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

Capital Requisition Unapplied Account

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

Note 12 – Contingent Assets & Liabilities

The Board has not identified any Contingent Assets and Liabilities.

**DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

Note 13 – Contributions from Authorities

Revenue 2019/20		Revenue 2020/21
£000		£000
1,363	Argyll & Bute Council	1,369
663	East Dunbartonshire Council	672
709	West Dunbartonshire Council	714
2,735		2,755

Note 14 – Government Grants

The Board received a total of £0.254m of government grants in 20/21 to continue with the delivery of Individual Electoral Registration; Extension of the Electoral Franchise and additional funding for the Scottish Parliament Election.

The board credited £0.132m to the Comprehensive Income and Expenditure as shown in the table below.

2019/20		2020/21
£000		£000
0	Scottish Government	117
77	Cabinet Office	15
77		132

Grant income of £0.125m has been carried forward into financial year 2021/22 to fund expenditure that will be incurred at the beginning of the financial year.

Note 15 – Related Parties

It is a requirement of the Code that material transactions with related parties (i.e organisations which the Board can influence or be influenced by) should be disclosed. The Board forms Group Accounts with three local authorities, namely West Dunbartonshire Council, East Dunbartonshire Council and Argyll & Bute Council. Sums paid by the local authorities to the Board are detailed in Note 13.

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

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Dunbartonshire and Argyll & Bute Valuation Joint Board for the year ended 31 March 2021 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cashflow Statement and Notes to the Annual Accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the body as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10/06/2021. The period of total uninterrupted appointment is one year. I am independent of Dunbartonshire and Argyll & Bute Valuation Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Dunbartonshire and Argyll & Bute Valuation Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

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

Responsibilities of the Treasurer and Joint Board for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

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

Statutory other information

The Treasurer is responsible for the statutory other information in the annual accounts. The statutory other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report. My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard. My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on Management Commentary and Annual Governance Statement

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

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

Matters on which I am required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

**Christopher Gardner**

Audit Scotland
8 Nelson Mandela Place
Glasgow, G2 1BT
15th September 2021