



# Central Scotland Valuation Joint Board



**Assessor**  
for Central Scotland

**DRAFT**  
Annual Accounts  
**2022-2023**

**CENTRAL SCOTLAND VALUATION JOINT BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23**

| <u>Contents</u>                                | <u>Page</u> |
|--|-------------|
| Management Commentary                          | 3           |
| Statement of Responsibilities                  | 19          |
| Annual Governance Statement                    | 21          |
| Remuneration Report                            | 25          |
| Independent Auditor's Report                   | 29          |
| Comprehensive Income and Expenditure Statement | 33          |
| Movement in Reserves Statement                 | 34          |
| Balance Sheet                                  | 35          |
| Notes to the Financial Statements              | 36          |

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### Introduction

This commentary sets the scene and context for the Financial Statements for Central Scotland Valuation Joint Board (the Board) for the year ended 31 March 2023. This commentary provides specific details in relation to the Board's financial position, its priorities and performance and our strategies and plans for achieving these objectives. The Management Commentary is required to present the collective view of those charged with governance and apply relevant sections of the Companies Act 2006 in respect of the preparation of a Strategic Report. The Annual Accounts have been compiled in accordance with the Code requirements which govern the format and content contained within them.

### Strategic Context

Central Scotland Valuation Area covers three council areas of Clackmannanshire, Falkirk and Stirling. The Board's budgeted staffing for 2022/23 was 47.5 FTE. All employees are primarily based in Stirling at the administrative headquarters, Hillside House, however, hybrid working, with employees in the office 40% of the time has been followed throughout the year. These temporary hybrid working arrangements adopted over the last few years are in the process of being reviewed with a view to being made permanent.

### Members and Officials

The Board comprises 15 elected members drawn from the three constituent authorities of Falkirk, Stirling and Clackmannanshire Councils. The following tables show the members of the Board throughout the 2022/23 financial year. The Scottish Local Government election was held on 5th May 2022 and the new Board members officially took up their positions from the date of the first Board meeting following the election, on 1 July 2022. Tables 1 and 2 show the composition of the Board pre and post the Scottish Local Government election.

### Appointed Members:-

**Table 1: Prior to Scottish Local Government elections (April - May 2022)**

| <b>Falkirk Council</b>          | <b>Stirling Council</b> | <b>Clackmannanshire Council</b>       |
|---------------------------------|-------------------------|---------------------------------------|
| Councillor D Alexander          | Councillor D Dodds      | Councillor M Benny                    |
| Councillor D Balfour (Convenor) | Councillor D Gibson     | Councillor K Earl                     |
| Councillor L Binnie             | Councillor J MacDonald  | Councillor C Holden (Depute Convenor) |
| Councillor J Coombes            | Councillor J Thomson    |                                       |
| Councillor D Grant              |                         |                                       |
| Councillor A Nimmo              |                         |                                       |
| Councillor J Patrick            |                         |                                       |
| Councillor R Spears             |                         |                                       |

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### Appointed Members (continued)

**Table 2: After the Scottish Local Government elections (July 2022 to March 2023)**

| <b>Falkirk Council</b>        | <b>Stirling Council</b>  | <b>Clackmannanshire Council</b>          |
|-------------------------------|--------------------------|--|
| Councillor D Balfour          | Councillor D Gibson      | Councillor D Balsillie (Depute Convenor) |
| Councillor R Bissett          | Councillor P Hecht       | Councillor M Benny                       |
| Councillor B Deakin           | Councillor G McGarvey    | Councillor K Earle                       |
| Councillor A Nimmo (Convenor) | Councillor E Watterstone |  |
| Councillor S Patrick          |                          |  |
| Councillor J Redmond          |                          |  |
| Councillor A Ritchie          |                          |  |
| Councillor J Robertson        |                          |  |

The Board is supported by its Clerk, Colin Moodie from Falkirk Council and its Treasurer, Lindsay Sim from Clackmannanshire Council. Finance, Legal and HR services are currently provided by Clackmannanshire Council.

The Board also appoints an Assessor for the Valuation Area and bears the costs of the Assessor carrying out his statutory duties. The three Councils have also appointed the Assessor as Electoral Registration Officer (ERO) and again bears the costs of the ERO carrying out his statutory duties. The Assessor & ERO is Pete Wildman.

The Assessor & ERO has three core statutory duties:

- Valuation of Lands and Heritages;
- Compiling the Valuation List, and
- Compiling the Register of Electors.

Further detail on each of these duties is provided below.

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### 1. Valuation of Lands and Heritages

The Valuation Roll contains every non-domestic property (unless exempted by statute) in the Valuation Area showing the rateable value of the property. Rateable value is effectively the estimated rental value of the property. As at 31 March 2023 there were 13,228 non-domestic properties in Central Scotland with a total rateable value of £342,648,265. The Roll includes commercial properties like shops and offices, industrial properties from small workshops to giants like the petrochemical works and the refinery at Grangemouth, and publicly owned properties such as schools and sport centres. The Assessor maintains survey records of each property and is obliged by law to carry out regular revaluations of non-domestic properties. The most recent revaluation came into effect on 1 April 2023. The new Roll as published on 1 April 2023 contained 13,323 entries with a total rateable value of £372,693,765. Between revaluations the Assessor must maintain the Roll to reflect new and altered properties.

Following the 2017 revaluation some 4,500 appeals were received which is approximately a 17% increase from the previous 2010 Revaluation. A planned programme of appeal disposal was agreed with the Secretary to the Central Scotland Valuation Appeal Panel to ensure all appeals were dealt with by the Valuation Appeal Panel by the statutory deadline. This was originally 31 December 2020 but due to the effects of the recent pandemic it was extended to 31 December 2021. All appeals were listed for hearing ahead of the deadline with the majority now resolved.

Some appeals were referred to the Lands Tribunal for Scotland and these will be listed for hearing in due course. Progress continues to be made to settle outstanding appeals, a large number of which were for ATM site appeals that were referred to the Lands Tribunal for Scotland and these have now been settled.

The vast majority of valuation appeals from the 2005 Revaluation have been dealt with, three remain outstanding all of which have been referred to the Lands Tribunal. Of the original 3,877 appeals lodged following the 2010 Revaluation, four appeals have still to be settled as at the end of May 2023. The appeals on these properties have all been referred to the Lands Tribunal for determination. We also have a further four non-revaluation appeals outstanding from the 2010 Valuation Roll.

By the end of the financial year 2021/22, 5,845 Material Change of Circumstance (MCC) appeals lodged as a result of the Covid-19 pandemic were outstanding. The Scottish Government legislated during 2022/23 to remove Covid as a factor in valuation post 2 April 2020. As a result of this legislation a number of Covid MCC appeals were withdrawn and as at May 2023 1,784 remained outstanding. As a result of the delay in the transfer of functions from the local Valuation Appeal Panels to the Local Taxation Chamber of the First Tier Tribunal the deadline for disposing of these appeals has been extended again with a revised disposal deadline of 31 December 2024. We don't anticipate that there will be a further extension so the disposal of these appeals will be a significant piece of work in 2023/24.



# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### Valuation of Lands and Heritages (continued)

As mentioned above the work of the local Valuation Appeal Panels transferred to the Local Taxation Chamber of the First Tier Tribunal on 1 April 2023, the transfer had originally been scheduled for 1 January 2023. At the same time the non-domestic rating work of the Lands Tribunal for Scotland transferred to the Upper Tribunal. This transfer has meant a work programme for us to reconcile our records of appeals with the Tribunals to ensure all appeals have been successfully transferred.

The latest Revaluation took place on 1 April 2023, with a “tone” date of 1 April 2022. The “Tone” date is the point in time for rental and cost levels to be used to set the valuations. In the past this has been a date two years prior to the Revaluation. The change in “tone” date is one of a number of recommendations from the Barclay review that have been implemented at the new Revaluation. Other measures that have been implemented include the inclusion of certain elements of public parks in the Roll for the first time, the publication of a Draft Valuation Roll and the issue of Draft Valuation Notices, and the provision of rented property lists for certain subjects to increase transparency. Other changes at this revaluation include an expansion in the number of subjects whose valuations are now published online.

A further significant change is the introduction of a new proposal and appeal system for non-domestic subjects. This is a fundamental change from the previous single appeal system, and we are currently in the process of receiving proposals as a result of the revaluation. The deadline for lodging a proposal following the revaluation is 31 July 2023. The disposal of these proposals will form another significant workstream for 2023/24. The deadline for disposal of these proposals is 30 September 2025.

The next revaluation is due on 1 April 2026, the Scottish Assessor Association is in the process of establishing a national project plan from which we will derive our own local project plan.

From 2021, the Assessor now has powers to levy Civil Penalties on anyone who fails to respond to a request for information. We have issued Assessor Information Notices during 2022/23 that advise that a Civil Penalty can be levied in the event of non-return, reminders have also been issued. As yet we have not issued any Civil Penalty Notices, though anticipate doing so during 2023/24.

## 2. Compiling the Valuation List

All domestic properties are shown in the Valuation List. The Assessor places every domestic property in a valuation band based on the capital value that the property would have had at April 1991 and in line with statutory assumptions. The construction of new buildings has continued during the pandemic resulting in new entries being made to the Valuation List. Work also continues to review the bandings of properties which have been sold and those that have been extended since they were last banded. As at 1 April 2022 there were 149,457 domestic properties on the Council Tax Valuation List in Central Scotland and 849 new entries were added to the Valuation List during 2022/23, which is slightly in excess of pre-pandemic levels and an increase from 1,154 in 2021/22.

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### 3. Compiling the Register of Electors

The Register of Electors is published annually and is a listing of every declared eligible elector in each local authority area set against the local address that satisfies the residence qualification. The Register is used for all Local Government, United Kingdom, Scottish and European Parliamentary Elections. It is also used for Community Councils' elections and for referendums. In combination with data from other Electoral Registration Officers it is used to compile a register as required for National Park Elections. The Electoral Registration Officer is also required to publish an Open Register and to maintain Absent Voter Lists.

The new Register of Electors was published on 1 December 2022 with the number of Local Government electors increasing to 237,482. The Register contains details of 14 and 15 year olds, however, these details are not shown in published copies of the Register.

The third of the new style canvasses was carried out during 2022/23, this saw us matching our registers to Department for Work and Pensions and local databases. Where the other databases aligned with the Register for all electors in a property then that household only received a single communication. Where records did not align for all electors and if there was no response to the initial communication then follow up activity took place including door to door canvassing in the run up to the publication of the new register. There was also the Scottish Local Government Elections in May 2022 which saw us issue Household Notification Letters to all households in the area, alerting them to the forthcoming election and advising them of who was registered in the household and who had a postal vote. The letter also set out how to register to vote and apply for a postal vote and the deadlines for doing so. This proved effective in encouraging people to apply early and helped to reduce the pressure on the final days for registering or applying for a postal vote. The election went well with no major issues arising.

January 2023 saw the introduction of Voter Authority Certificates to support the introduction of the need to produce voter identity when voting at UK elections. It is only people who don't have another approved form of photo ID e.g. passport or photo driving license who need to apply. So far in Central Scotland take up of the new certificates have been low. We will be putting an A5 flyer out with our canvass communication in summer 2023 to promote awareness as we anticipate that application numbers will increase ahead of the next UK Parliamentary Election which is due by no later than January 2025. There will be further changes in 2023/24; with online absent vote applications being allowed for UK Parliament Elections, the removal of indefinite postal vote applications for UK Parliamentary elections to be replaced with three yearly applications, changes to UK Parliamentary proxy rules and finally the removal of the 15-year limit for Overseas Electors.

July 2023 will see the publication of the new UK parliamentary boundaries and if they are adopted then they will come into force to the next UK Parliamentary election. We will need to incorporate these new boundaries into the electoral register data base.

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### 4. Service Plan

In common with other public sector organisations, the Board also has to ensure that it complies fully with Health & Safety, Data Protection, Freedom of Information, Records Management and Equalities Duties. These duties represent a sizeable workload for the organisation.

The Boards current service plan covers the period 2022 to 2025. The service plan sets out the core statutory functions as outlined above and its objectives in relation to these functions. The plan also sets out the objectives in relation to: Corporate Governance, Accountability, Best Value, Equal Opportunities, Staffing and Personnel, Finance and Budgeting, Information Technology. Freedom of Information and Key Partnerships.

The Service Plan can be found using the following link:

[https://www.saa.gov.uk/central/wp-content/uploads/sites/3/dlm\\_uploads/2023/06/Service-Plan-2022-2025.pdf](https://www.saa.gov.uk/central/wp-content/uploads/sites/3/dlm_uploads/2023/06/Service-Plan-2022-2025.pdf)

### 5. Cyber Security

There has also been significant resource needed to ensure that the Board has adequate Cyber Security arrangements in place as the workplace becomes increasingly digitised and the threat of a cyber incident ever increasing. The Board takes this matter seriously and engages with all relevant national bodies e.g. National Cyber Security Centre and the Scottish Government to ensure we are meeting current requirements. We have Cyber essential plus accreditation and in addition, we carry out annual penetration testing and review all our IT policies on an annual basis. We anticipate that this will be an area of continued focus in 2023/24.

### 6. Climate Change

Work is ongoing to establish the carbon footprint of the organisation which will act as a baseline to measure future progress on reducing the footprint of the organisation. It is not anticipated that climate change will impact the Board's services directly but will impact on its use of resources to deliver its services.



# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### Strategic Financial Planning

In the approved Budget for 2023/24, set in March 2023, the medium term forecast suggested an anticipated funding gap of £0.214m by 2026/27. The Board agreed to utilise £67k of reserves in setting its 2023/24 budget. After commitments the Board held usable reserves of £110k at 31 March 2023.

Although the financial position continues to be difficult, a healthy reserves position and confirmed funding from constituent authorities for 2023/24 enabled the Board to set a balanced budget for the financial year 2023/24 ensuring that the Board continues to operate over the medium term. As part of the 2022/23 Scottish Local Government Settlement, the Scottish Government reaffirmed their intention to continue to fund Barclay implementation costs for 2022/23 and up to 2024/25. In considering the above factors and the Boards continual track record of managing annual pressures and setting a balanced budget, the Board remains confident that it is a going concern.

The Assessor & ERO is taking steps to ensure that the Board's cost base is sustainable for the medium to long term, though this remains challenging given the limited areas for review. The scanning of all the domestic property files was completed by May 2019. Work is continuing on scanning the non-domestic files and other records. This work has allowed the Board to move to smaller premises in June 2023. Work continues to streamline, automate and digitise work processes and data inputs. Good progress continues to be made with the SharePoint records management system. There has been considerable changes in staffing throughout the organisation in 2022/23. During the year there have been changes at Senior Management level with the two previous Divisional Assessors moving to posts in other Valuation Joint Boards and new Divisional Assessors being appointed. The focus for the coming years will continue to be on optimising records management, reviewing internal business processes to ensure that the efficiency of service delivery is maximised and to keep the staffing structure under review so that it best meets the organisations needs. These priorities and actions are all reflected in the Management Team's three year service plan.

The balance sheet shows a net asset position for 2022/23 due to a surplus in the pension scheme. The pension scheme liability has decreased in the year moving the liability to an asset due to an increase in the net discount rate for the year to 31 March 2023 which is used in the valuation of the pension fund. The pension position is not expected to have a short term impact on the financial viability of the Board. The Assessor and Treasurer will continue to review the long term sustainability to meet the pension contributions as part of the budget process considering advice provided by the actuary.

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### Business Performance

The Board receives and monitors performance reports on a regular basis. The current arrangements have been in place since the core indicators were agreed with the then Scottish Executive and Accounts Commission in October 2000. Reports also include trend information covering the previous three years' performance. Key performance indicators measuring performance against targets for the last three years are set out in Exhibit 1 below. This summary indicates a decrease improvement in performance between that achieved in 2021/22 for non-domestic properties and a slight decline in domestic work, but that is against the backdrop of the change in staffing, the non-domestic revaluation and associated changes that took place in 2022/23.

### Exhibit 1: Performance against key targets 2020/21 to 2022/23

| Indicator – Valuation Roll         | 2020/21<br>Target % | 2020/21<br>Actual % | 2021/22<br>Target % | 2021/22<br>Actual % | 2022/23<br>Target% | 2022/23<br>Actual % |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|
| Changes made in less than 3 months | 75                  | 64                  | 70                  | 62                  | <b>70</b>          | <b>55</b>           |
| Changes made in less than 6 months | 90                  | 84                  | 88                  | 79                  | <b>88</b>          | <b>72</b>           |
| Changes made in more than 6 months | 10                  | 16                  | 12                  | 21                  | <b>12</b>          | <b>28</b>           |

| Indicator – Valuation List | 2020/21<br>Target | 2020/21<br>Actual | 2021/22<br>Target % | 2021/22<br>Actual % | 2022/23<br>Target% | 2022/23<br>Actual % |
|----------------------------|-------------------|-------------------|---------------------|---------------------|--------------------|---------------------|
| In less than 3 months      | 97                | 94                | 94                  | 94                  | <b>94</b>          | <b>90</b>           |
| In less than 6 months      | 99                | 97                | 97                  | 97                  | <b>97</b>          | <b>97</b>           |
| In more than 6 months      | 1                 | 3                 | 3                   | 3                   | <b>3</b>           | <b>3</b>            |

The targets for 2023/24 have remained the same as 2022/23 to reflect the volume of Covid MCC appeal work and the introduction of the new non domestic proposals system. As part of cost reductions for the future, the Board may look at the cost of maintaining these levels of performance and whether there is the potential to reduce costs by taking explicit decisions to reduce service standards. Should such proposals be considered, these would involve consultation with our key partners and stakeholders. It should be noted that all the functions of the Assessor & ERO are statutory and prescribed.

### Financial Performance 2022/23

The Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and they present a true and fair view of the financial position of the Board and its income and expenditure for the year ended 31 March 2023. A brief explanation of each statement and its purpose is provided on pages 33-35. An Annual Governance Statement is also provided at page 21 and a Remuneration Report is included at page 25.

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### Financial Performance 2022/23 (continued)

The final Outturn position in the management accounts reports an underspend of £(231)k. This is made up of total overspends of £63k:

- £20k Overtime to cover staff vacancies and increased workload related to the move to three yearly revaluations
- £11k Additional costs for professional fees relating to the office move
- £26k Increase in Postage costs and cost of an additional further notice issue
- £4k Shortfall on historic income budget
- £2k Other small overspends including staff training for new staff and trainees

These are offset by underspends totalling £(294)k:

- £(118)k Barclay – delays in recruitment of vacancies
- £(120)k Non Barclay – delays in recruitment of vacancies
- £(7)k Reduced staff travel
- £(1)k Utilities
- £(4)k Advertising
- £(13)k Legal Expenses due to delays in appeals not finalised by Scottish Courts Tribunal Service
- £(5)k Telephones
- £(10)k Computer Software Development costs due to reduced resource to take this work forward with supplier
- £(6)k Reduction in charges from Other Local Authorities
- £(6)k Amended audit fee not previously notified
- £(4)k Interest on revenue balances, with interest rates being more favourable than forecast

The deficit on the provision of services for the financial year reported in the Comprehensive Income and Expenditure Statement is £494k (page 33). However this includes £517k of accounting adjustments which require to be reversed out in the Movement in Reserves Statement which results in a net contribution to reserves of £23k.

The table below reconciles the Outturn position to the (Surplus) or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis in note 6 on page 46.

|  |        | <b>£000</b>  |
|--|--------|--------------|
| <b>Outturn Position</b>                            |        | <b>(231)</b> |
| Funding from Reserves                              |        | 208          |
| <b>(Surplus) /Deficit</b>                          |        | <b>(23)</b>  |
| Adjustments between Funding & Accounting basis     | Note 7 | 517          |
| <b>(Surplus) /Deficit on Provision of Services</b> |        | <b>494</b>   |

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### Financial Performance 2022/23 (continued)

The usable reserves surplus brought forward from previous years is £623k. The usable reserves surplus in the year, per above, is £23k therefore the surplus carried forward to future years is £646k. This balance of £646k has been retained as a surplus attributable to the constituent authorities in usable reserves.

Of the £646k usable reserves balance at 31 March 2023, £510k was earmarked for specific purposes as approved by the Board in March 2023 when setting the budget, with an additional £26k earmarked at year end for the increase in costs of the refit, which were previously estimated, bringing the total earmarked reserves to £536k. The committed balance can be summarised as follows:

#### Exhibit 2: Committed reserves 2022/23 at March 2023

|   | <b>Total</b> |
|---|--------------|
|   | <b>£000</b>  |
| 2023/24 Budget Funding                            | 67           |
| Property Maintenance Fund                         | 280          |
| Refit Costs (estimate)                            | 88           |
| Additional required for Refit Costs (actual)      | 26           |
| General Reserve                                   | 75           |
| <b>Net Committed Reserves as at 31 March 2023</b> | <b>536</b>   |

As a result of the above, of the £646k usable reserves, £110k are uncommitted, representing a level of 3.7% of budgeted net expenditure. When the Board approved the 2023/24 Budget on 3 March 2023, approval was given to maintain the minimum uncommitted reserve balance at a range of 3% to 6% of budgeted net expenditure to allow for year on year flexibility. The current level of 3.7% falls within this range and will continue to be reviewed during the year by the Board's Treasurer to ensure that this level is prudent to ensure the financial sustainability of the Board.

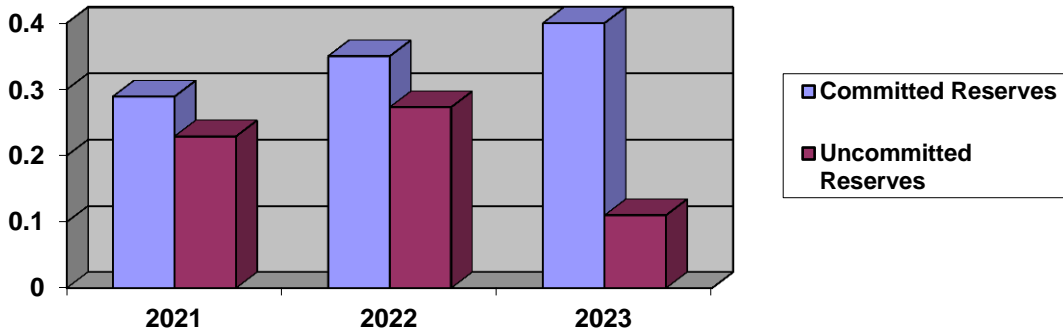
The movement in the Board's usable reserves position over the last three years (trend) is shown below:

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### Financial Performance 2022/23 (continued)

**Exhibit 3: Trend in reserves position 2020/21-2022/23**  
million



A comprehensive analysis of the Board's reserves is provided in the Movement in Reserves Statement on page 34 and supporting notes.

### Financial Ratios

The Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance Section recommends that certain financial ratios are included in the Management Commentary to assist the reader to assess the performance of the Board over the financial year and of the affordability of its ongoing commitments. The following table provides the indicators with an explanation of each, grouped into CIPFA categories for the various areas of financial activity.

| Financial Indicator   | Commentary   | 2021/22 | 2022/23 |
|---|--|---------|---------|
| <b>Reserves</b>   |  |         |         |
| Uncommitted General Fund Reserve as a proportion of Annual Budgeted Net Expenditure | Reflects the level of funding available to manage financial risk/unplanned expenditure. The Board's Policy is between 3% and 6% of annual budgeted net expenditure which is considered appropriate in the context of the Board's financial and ongoing risk profile. | 8.8%    | 3.7%    |
| Movement in the Uncommitted General Fund Balance                                    | Reflects the extent to which the Board is using its Uncommitted General Fund Reserve. Movement due to the increase of earmarked reserves required to facilitate the office relocation.   | 18.7%   | (59.6)% |

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### Financial Ratios (continued)

| Financial Indicator                             | Commentary   | 2021/22 | 2022/23 |
|---|--|---------|---------|
| <b>Financial Management</b>                     |  |         |         |
| Actual Outturn compared to Budgeted Expenditure | How closely expenditure compares to the budget is a reflection of the effectiveness of financial management. This indicator is based on the format of budget monitoring as reported throughout the year. The final outturn position was £231k underspend against a forecast underspend of £219k. | 92.2%   | 92.6%   |

### Treasury Management

The Boards treasury activities extend to cash management with cash balances being held by Clackmannanshire Council. These balances are managed in line with the policies and procedures operated by Clackmannanshire Council in relation to investments as set out in the Annual Treasury Management Strategy Statement (TMSS) 2022/23. Performance on these investments is also reported in the Mid Year and Annual Reports presented to the Council.

### Capital Expenditure

The Prudential Code for Capital Finance in Local Authorities governs the level of capital expenditure taking into account affordability, sustainability, the management of assets and the achievement of strategic objectives. It is the duty of the Board to determine and keep under review the maximum amount that it can afford to allocate to capital expenditure together with the associated revenue implications. In 2022/23, the Board invested £18k on assets including a server and laptops which meet the definition of capital expenditure. The costs of this investment were met by Capital Funded from Current Revenue contributions (CFCR), i.e. from revenue budgets. The new assets are reflected in the Board's Balance sheet as an addition under Property, Plant and Equipment.

### Net Pension Liability

Pension Fund reporting regulations require an annual valuation of the net pension liability by fund actuaries. The calculation at March 2023 disclosed a surplus of £2.327m. The calculation is prepared for the purposes of International Accounting Standard 19 (IAS 19) reporting requirements and is not relevant for funding purposes and is simply a snapshot of the position at that time. The latest long-term actuarial funding valuation of the Fund for the purpose of setting employers' actual contributions was at 31 March 2020. The employers' pension contributions were set for 3 years in line with the actuarial advice and increased by 0.5% each year to 2023/24. The next triennial valuation is dated 31 March 2023 and this will determine the contribution rates for the three years 2024/25 to 2026/27.

The pension surplus records a decrease in liability, creating a surplus, of £7.703 which is a favourable movement in the year. This was mainly due to an increase in the net discount rate which rose by 2.05% to 4.75% (2021/22: 2.7%).



# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### Business Environment and Risks

A key economic variable during the past two years and into 2022/23 continued to be the impact of Brexit on the UK economy and the Covid-19 pandemic. Added to this is the current cost of living crisis that is impacting households and businesses.

Given this operating context, the preparation of medium to long term financial plans are subject to a number of key risks and uncertainties which will have an impact on budget assumptions. As for the wider public sector, a key area of uncertainty for the Board remains the future levels of funding it will receive due to its reliance for a significant proportion of its funding from the constituent authorities. With funding at best, static, managing the effects of rising inflation will be a challenge for the public sector. This alongside the prospect of raised expectations in respect of continuing wage inflation, due to the cost of living crisis, will create a significant financial challenge.

The Board therefore, has to manage the financial and service delivery risks associated with the impact of real and potential cash term reductions in public sector funding, balanced against increasing demands for services and new responsibilities.

The Boards Risk Management Strategy and Risk Register sets out its policy in respect of business risk and provides a framework to structure the approach taken in the analysis of risks for each project that the Assessor and ERO undertakes. The risk register has been reviewed and is being reported to the Board at its meeting on the 30 June 2023. In this latest report, 15 Risks are included on the risk register, categorised into Technological, Professional & Resource and Financial.

- Technological risks focus on IT systems and software that play a key part in enabling staff to carry out their duties on a day to day basis and records are also held electronically. There are also risks around security of data with organisations seeing increases in cyber attacks. The Board recognises the need to ensure there are reasonable levels of data security for all functions. The Assessors continues to keep the cyber security and business continuity arrangements for the Valuation Joint Board under review.
- Professional risks mainly cover staff resourcing and the resilience, availability and capability of resources to carry out duties in line with relevant guidance, policies and legislation. Risks recognise that qualified staff in this area are not widely available however, tasks have to be undertaken within statutory deadlines.
- Financial risks relate to the availability of funding as noted above to ensure the Board has sufficient funding to carry out its duties and the monitoring of spend to ensure that budgets are not overspent.

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### Business Environment and Risks (continued)

The highest ranked risk on the risk register as per the latest report being presented to the Board at its meeting in June 2023 is Technological, relating to cyber security and the risk of computer virus/hacking attacks/ransomware. This has a risk score of 9, due to high likelihood and severity. To mitigate this risk, the Board's controls feature strict back up regimes and IT security measures. Actions to mitigate the risk on an ongoing basis include the review of IT security and monitoring by Systems Administrators, compliance with IT Security policies and regular staff training. The Board also takes part in the Scottish Government's Cyber Resilience programme and has response plans in place.

The Annual Governance Statement (AGS) details the Board's corporate governance arrangements and its arrangements for the management of risk have also been reviewed and are being reported to the Board at its meeting on the 30 June 2023. The AGS explains the system of internal control and highlights the key areas for improvement actions arising from the ongoing review of these arrangements, alongside the Management Team's regular review of the Board's Risk Register.

The Board recognises the need to ensure there are reasonable levels of data security for all functions. The Assessors continues to keep the cyber security and business continuity arrangements for the Valuation Joint Board under review.

### Public Sector Equality Duty

The Board is fully committed to embracing and implementing the principles and ethos of the Equality Act 2010 and its associated Regulations such as The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012.

The Board published its Equality Report in October 2022. This report is in three parts, one for each of the following key areas:

- Equalities Mainstreaming;
- Workforce Monitoring, and
- Equalities Outcomes.

The report can be found on the Scottish Assessors Association website at:

[https://www.saa.gov.uk/central/wp-content/uploads/sites/3/dlm\\_uploads/2022/11/Equality-Duty-Report-October-2022-1.pdf](https://www.saa.gov.uk/central/wp-content/uploads/sites/3/dlm_uploads/2022/11/Equality-Duty-Report-October-2022-1.pdf)

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### Plans for the Future

The combination of anticipated cost pressures, coupled with reduced income and the continuing economic environmental impact due to Covid-19 and Cost of Living increases, presents significant challenges and financial risks to the Board over the medium term. It is recognised that the scale of the financial challenge will require a continued review of aspects of service delivery if the Board is to maintain its financial stability moving forward.

This is more challenging given the high proportion of total expenditure which is concentrated in a few areas, the most significant of which is the Board's costs of employment, coupled with the statutory nature of the Assessor and ERO duties. This situation accentuates the need for a continued focus on financial sustainability. On this basis, the Assessor and Treasurer will engage with the Chief Financial Officers of each of the constituent authorities to review sustainability issues, against the background of the statutory requirement for the constituent authorities to defray the Board's expenses, ahead of budget setting for 2024/25. In the meantime, the ongoing funding pressures highlight the need for the Board to maintain stringent financial control and to continue to drive out efficiencies through the budget process.

Looking ahead, key priorities for the Assessor and ERO include; the disposal of the appeals arising from the 2023 Non Domestic Revaluation, the disposal of the Covid-19 MCC appeals, and work to deliver the 2026 Revaluation. The focus will also be on increasing the efficiency of both the Valuation and Electoral Registration Services.

It is clear that this is a period of significant activity for the organisation which will require close monitoring and management. The Assessor through his membership of the Scottish Assessors' Association and the Electoral Management Board for Scotland will liaise with both the UK and Scottish Governments to ensure that they are fully apprised of the work and resources necessary to deliver the reforms created by the new legislation.

During 2023/24, the Board's Contract Standing Orders will be reviewed and a fraud policy will be developed. Work will also commence to agree a Service Level Agreement with Falkirk Council in respect of clerking services to the Board. There is also an ongoing rolling programme to review and update the Board's personnel policies.

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## MANAGEMENT COMMENTARY 2022/23

### Where to Find More Information

An explanation of the financial statements which follow and their purpose are shown at the top of each page. Further information about the Central Scotland Valuation Joint Board can be found at [www.saa.gov.uk/central](http://www.saa.gov.uk/central)

### Acknowledgements

We would like to take this opportunity to acknowledge the significant effort in producing the Annual Report and Financial Statements and to record our thanks to our colleagues for their continued hard work and support. We greatly appreciate the significant efforts of all who were involved.

**Councillor Nimmo**  
**Convenor of the Board**  
**30 June 2023**

**Pete Wildman**  
**Assessor**  
**30 June 2023**

**Lindsay Sim**  
**Treasurer**  
**30 June 2023**

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### STATEMENT OF RESPONSIBILITIES 2022/23

#### The Valuation Joint Board's responsibilities

The Joint Board is required:-

- (1) to make arrangements for the proper administration of its financial affairs, and to secure that the proper officer of the Board has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). The designated officer is Clackmannanshire Council's Director of Finance who is also the Treasurer of the Valuation Joint Board;
- (2) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- (3) ensure the Annual Accounts are prepared in accordance with legislation (the Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003);
- (4) approve the Annual Accounts for signature.

I confirm that the Draft Annual Accounts were approved for signature by the Board at its meeting on 30 June 2023.

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### STATEMENT OF RESPONSIBILITIES 2022/23

#### The Treasurer's responsibilities

The Treasurer is responsible for the preparation of the Valuation Joint Board's Financial Statements which, in accordance with proper practices as required by legislation and as set out in the terms of the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, is required to present a true and fair view of the financial position of the Valuation Joint Board at the accounting date and its income and expenditure for the year then ended.

In preparing the Annual Accounts, the Treasurer has:

- (1) selected suitable accounting policies and then applied them consistently;
- (2) made judgements and estimates that were reasonable and prudent;
- (3) complied with legislation, and
- (4) complied with the Code of Practice (in so far as it is compatible with legislation).

The Treasurer has also:

- (1) kept proper accounting records which were up to date, and
- (2) taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Draft Financial Statements present a true and fair view of the financial position of the Board at the reporting date and the transactions of the Board for the year ended 31 March 2023.

**Lindsay Sim**  
**Treasurer**  
**30 June 2023**



# CENTRAL SCOTLAND VALUATION JOINT BOARD

## ANNUAL GOVERNANCE STATEMENT 2022/23

### Scope of Responsibility

The Valuation Joint Board and the Assessor & ERO are responsible for ensuring that 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 and the Assessor & ERO have a responsibility to make arrangements to secure continuous improvement in the way in which the organisation's functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Board also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003.

In discharging this overall responsibility, the Board and Assessor & ERO are responsible for putting in place proper arrangements for the governance of the organisation's affairs, and facilitating the effective exercise of their functions, which includes arrangements for the management of risk.

The Board and the Assessor & ERO have in place governance arrangements which are consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) Framework 'Delivering Good Governance in Local Government'. The Board has noted revisions to this guidance published in 2016 and has incorporated changes to its governance framework. These arrangements are defined within the Valuation Joint Board's Code of Corporate Governance. This statement explains how the Board and the Assessor has complied with the Framework.

### The Purpose of the Governance Framework

The governance framework comprises the systems and processes and culture and values, by which the organisation is directed and controlled and its activities through which it accounts to, and engages with, the community. It enables the Board and the Assessor & ERO to monitor the achievement of their strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is an ongoing process designed to identify and prioritise the risks to the achievement of the Board's and Assessor & ERO's policies, aims and objectives and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

### The Governance Framework

The responsibilities of the Valuation Joint Board and the Assessor & ERO are laid out in statute. These responsibilities, together with the corporate governance framework, are contained within the Code of Corporate Governance. The Code is further supported by the Standing Orders, Scheme of Delegation, Financial Regulations and Contract Standing Orders. During 2022/23 professional support was provided by Clackmannanshire Council on financial, legal and human resources matters whilst Falkirk Council provided advice on internal audit and clerk matters.

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## ANNUAL GOVERNANCE STATEMENT 2022/23

### The Governance Framework

The Assessor & ERO is supported in meeting his statutory responsibilities by his Management Team, which has responsibility for all aspects of planning, managing, monitoring and reporting of statutory functions, service delivery and performance improvement. The Management Team in turn is supported by the Administration, Valuation, Best Value and IT Working Groups.

Hybrid working continues to be the norm with employees working approximately 40% of the week in Hillside House and the remainder at home. Most meetings continue to be held remotely although Management Team meetings are now in person meetings. In addition the Management Team have continued to have brief catch up meetings, two to three times a week via online meetings to address any day to day issues that have arisen.

The Three Year Service Plan is the key corporate tool for making best use of financial, technological, human and other resources available. From the Three Year Service Plan project plans are prepared with progress monitored by the Management Team. A Project Log, which is reviewed at the monthly management meetings, serves as a tool to monitor progress, review the timing of projects and resource allocation and provides a de facto plan for the year. A performance framework is in place with standards and targets agreed. Ongoing monitoring against targets is undertaken by the Management Team and Valuation Joint Board.

The Board's financial management arrangements conform to the standards of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the role of Treasurer and Section 95 Officer in 2022/23 was fulfilled by the Section 95 Officer from Clackmannanshire Council. The Board approves a financial budget annually, prior to the start of the financial year, and performance against budget is monitored regularly by both Senior Managers and the Board.

The Board has an approved Risk Management Strategy, which ensures that key strategic, business and operational risks are defined, monitored and mitigated against. Key business risks are regularly considered and reviewed by both the Management Team and the Board. In relation to the day to day operations, a framework of internal controls is in operation, to further mitigate against risks. The risk strategy includes data security and cyber security risks. These particular risks are managed by both technological measures and by robust data and IT policies supplemented by regular staff training.

The governance framework has been in place at the Valuation Joint Board for the year ended 31 March 2023 and up to the date of approval of the draft Annual Report and Financial Statements and complies with the principles of the CIPFA framework. Specifically, the governance framework ensures that financial management arrangements conform with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2015).

The Board's internal audit service is provided by Falkirk Council and operates in accordance with the Public Sector Internal Audit Standards. Falkirk Council conforms to the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## ANNUAL GOVERNANCE STATEMENT 2022/23

### Review of Effectiveness

The Board and the Assessor & ERO have responsibility for conducting, at least annually, a review of the effectiveness of the governance framework including the system of internal control.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes the following:

- the internal management processes, including performance, risk and financial management and monitoring;
- an annual self assessment of the adequacy of the governance arrangements;
- work undertaken by Internal Audit during the year, including a review of the processes for valuation, and
- external audit review of the work of internal audit and comment on the corporate governance and financial sustainability, risk management and performance management arrangements.

A plan to address weaknesses and ensure continuous improvement of the system is in place.

### Significant Governance Issues

There have been no governance issues identified to date during the year that are considered significant in relation to the overall governance framework. Internal Audit have reported substantial assurance in the effectiveness of the governance arrangements. The risk management strategy continues to be followed and risks monitored, a report on Risk Assessment is due to be presented to the Board at its meeting on 30 June 2023. I am therefore satisfied that the arrangements continue to be regarded as fit for purpose in accordance with the principles of the CIPFA governance framework. Specific opportunities for improvements in governance and internal control identified as part of the assurance processes detailed above have been addressed or are included in improvement plans allocated to the relevant member of the Management Team.

### Key areas for improvement

The key areas for improvement identified during the annual review include:

- Outstanding internal audit recommendations to be implemented and progress monitored.
- Service Plan to be published on the website.
- Workforce Plan to be approved.
- Introduction of a Fraud Policy

### Work completed during the year.

The following were completed throughout the year.

- Service Plan 2023 to 2025 completed.
- Workforce Plan developed.

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## ANNUAL GOVERNANCE STATEMENT 2022/23

### Update from previous years

There has been some progress to address issues identified in the 2020/21 review with the following items remaining outstanding:

- Agreement of an SLA for the provision of clerking services by Falkirk Council, and
- Update Contract Standing Orders.
- Records Management Plan to be reviewed.

2022/23 has been a challenging year for the service, there have been significant reforms in the non-domestic rating legislation. These include having to deliver a revaluation with a one year “tone” date as opposed to the normal two-year period and the inclusion of certain lands and heritages in public parks that were previously excluded from the Valuation Roll. It has also seen us having to produce a draft Valuation Roll and associated notices for the first time along with expanded information on valuations and rented property lists.

In addition to the changes in the non-domestic rating service there have also been changes in the electoral registration service with the introduction of Voter Authority Certificates in January 2023. There has also been an exceptional level of staff “churn” at all levels in the organisation and the relocation project has been ongoing throughout the year. The focus of the Management Team has been on the successful delivery of these significant operational changes.

The Board and its Management Team will work during 2023/24 to address the outstanding issues listed.

In conclusion, it is our opinion that the annual review of governance together with the work of internal audit, any comments received from external audit and certification of assurance from the Assessor & ERO provide sufficient evidence that the principles of good governance operated effectively and the Joint Board complies with its governance arrangements in all material respects. Systems are in place to continually review and improve the governance and internal control environment. Future actions will be taken as necessary to maintain and further enhance the Board’s governance arrangements.

Signed on behalf of the Valuation Joint Board

**Pete Wildman**  
**Assessor**  
**30 June 2023**

**Councillor Nimmo**  
**Convener of the Board**  
**30 June 2023**

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### REMUNERATION REPORT 2022/23

All information disclosed in the tables within the remuneration report will be audited by the external auditor and all other sections will be reviewed to ensure that the information is consistent with the financial statements.

The remuneration of Senior Officers of the Board is regulated by The Local Government (Scotland) Act. Section 27/5 states that the Assessor is to be appointed on reasonable terms by the Valuation Authority. The Local Valuation Joint Board (Scotland) Order 1995 Regulations 2 (2), Section 27 transferred the authority to the Board. Appointments of Senior Officers are also approved by the Board.

The following tables provide details of the remuneration paid to the Board's Senior Employees.

#### Remuneration of Senior Employees of the Board

| <b>Name and Post Title</b>  | <b>Salary, fees and allowances<br/>2022/23<br/>£</b> | <b>Total<br/>Remuneration<br/>2022/23<br/>£</b> | <b>Total<br/>Remuneration<br/>2021/22<br/>£</b> |
|---|--|---|---|
| Pete Wildman<br>Assessor  | 109,593  | 109,593   | 104,574   |
| Mark Docherty<br>Divisional Assessor (Full year<br>equivalent £78,041)  | 77,391   | 77,391  | -   |
| Ann Gardner<br>Divisional Assessor (Full year<br>equivalent £78,041)    | 63,950   | 63,950  | -   |
| Darryl Rae<br>Divisional Assessor (Full year<br>equivalent £78,041)     | 9,391  | 9,391   | 67,927  |
| Russell Hewton Divisional<br>Assessor (Full year equivalent<br>£67,759) | -  | -   | 57,998  |

#### Note to Table above:

1. No taxable expenses, compensation for loss of employment or benefits other than in cash were paid to senior employees during 2021/22 or 2022/23.
2. M Docherty – Divisional Assessor appointed from 4 April 2022;  
A Gardner – Divisional Assessor appointed from 6 June 2022;  
D Rae – Divisional Assessor was in post until 16 May 2022;  
R Hewton - Divisional Assessor was in post until 31 January 2022.

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### REMUNERATION REPORT 2022/23

The Senior Employees included in the table above include any Joint Board employee:

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

The Treasurer is Lindsay Sim, who is the Chief Finance Officer, at Clackmannanshire Council. The Treasurer's remuneration is paid by Clackmannanshire Council.

#### Pension Benefits Senior Employees

The pension entitlements of Senior Employees for the year to 31 March 2023 are shown in the table below, together with the contribution made by the Board to each Senior Employees' pension during the year.

| Name and Post Title                | In-Year Pension Contributions  |                                |                  | Accrued Pension Benefits |                          |                                  |
|------------------------------------|--------------------------------|--------------------------------|------------------|--------------------------|--------------------------|----------------------------------|
|                                    | For Year to 31 March 2023<br>£ | For Year to 31 March 2022<br>£ |                  | As at 31 March 2023<br>£ | As at 31 March 2022<br>£ | Movement From 31 March 2022<br>£ |
| Pete Wildman Assessor              | 26,850                         | 25,097                         | Pension Lump Sum | 56,000<br>79,000         | 51,000<br>75,000         | 5,000<br>4,000                   |
| Mark Docherty Divisional Assessor  | 18,961                         | -                              | Pension Lump Sum | 38,000<br>58,000         | -<br>-                   | 38,000<br>58,000                 |
| Ann Gardner Divisional Assessor    | 15,668                         | -                              | Pension Lump Sum | 34,000<br>53,000         | -<br>-                   | 34,000<br>53,000                 |
| Darryl Rae Divisional Assessor     | 2,301                          | 16,302                         | Pension Lump Sum | 6,000<br>-               | 6,000<br>-               | -<br>-                           |
| Russell Hewton Divisional Assessor | -                              | 13,591                         | Pension Lump Sum | -<br>-                   | 19,000<br>14,000         | -<br>-                           |

All senior employees shown in the tables above are members of the Local Government Pension Scheme (LGPS). The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service and not just their current appointment.

Where staff are no longer in employment at 31 March 2023 there is no increase in accrued pension benefit attributable.



## CENTRAL SCOTLAND VALUATION JOINT BOARD

### REMUNERATION REPORT 2022/23

#### Officers' Remuneration

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

| Remuneration band   | Number of Employees |          |
|---------------------|---------------------|----------|
|                     | 2022/23             | 2021/22  |
| £50,000 - £54,999   | -                   | 3        |
| £55,000 - £59,999   | 3                   | 2        |
| £60,000 - £64,999   | 1                   | -        |
| £65,000 - £69,999   | -                   | 1        |
| £75,000 - £79,999   | 1                   | -        |
| £100,000 - £104,999 | -                   | 1        |
| £105,000 - £109,999 | <u>1</u>            | <u>-</u> |
|                     | <u>6</u>            | <u>7</u> |

#### Termination Benefits and Exit Packages

Termination benefits are amounts payable as a result of a decision by the Board to terminate an officer's employment before the normal retirement date, or where officer's commit to the termination of employment of an officer or group of officers, or where an offer is made to encourage voluntary redundancy.

There were no termination benefits or exit packages paid in 2022/23.

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## REMUNERATION REPORT 2022/23

### Senior Councillors

The remuneration of councillors is regulated by the 2007 regulations and these set out the remuneration payable to councillors with a responsibility of Convenor or Depute-Convenor of the Joint Board. The council of which the Convenor or Depute-Convenor is a member is required to pay their total remuneration and is then reimbursed for the element of the payment made on behalf of the joint board.

| Name                   | Council                  | Position  | Salary, fees and allowances 2022/23 £ | Total remuneration 2022/23 £ | Total remuneration 2021/22 £ |
|------------------------|--------------------------|---|---------------------------------------|------------------------------|------------------------------|
| Councillor A Nimmo     | Falkirk Council          | Convenor (from 1 July 2022)                       | 5,049                                 | 5,049                        | -                            |
| Councillor D Balfour   | Falkirk Council          | Convenor (from 23 June 2017 to 4 May 2022)        | 621                                   | 621                          | 6,365                        |
| Councillor D Balsillie | Clackmannanshire Council | Depute Convenor (from 1 July 2022)                | -                                     | -                            | -                            |
| Councillor C Holden    | Clackmannanshire Council | Depute Convenor (from 23 June 2017 to 4 May 2022) | 312                                   | 312                          | 3,278                        |

#### Note to Table above:

1. No taxable expenses, compensation for loss of employment or benefits other than in cash were paid to senior councillors during 2021/22 or 2022/23.
2. the Valuation Joint Board makes a contribution to the Council of £1k for the Convenor's pension contributions
3. no contribution is paid towards the Depute Convenor's pension costs and
4. pension liabilities sit with the Council, not the Valuation Joint Board
5. There is no payment for Councillor Balsillie as Depute Convenor as he is also paid as the Provost for Clackmannanshire Council which is higher than the payment for Depute Convenor therefore there is no additional payment for this role.

Signed on behalf of the Valuation Joint Board

**Pete Wildman**  
**Assessor**  
**30 June 2023**

**Councillor Nimmo**  
**Convenor of the Board**  
**30 June 2023**

**CENTRAL SCOTLAND VALUATION JOINT BOARD**

**INDEPENDENT AUDITOR'S REPORT 2022/23  
(to follow)**

**CENTRAL SCOTLAND VALUATION JOINT BOARD**  
**INDEPENDENT AUDITOR'S REPORT 2022/23**

**CENTRAL SCOTLAND VALUATION JOINT BOARD**  
**INDEPENDENT AUDITOR'S REPORT 2022/23**

**CENTRAL SCOTLAND VALUATION JOINT BOARD**  
**INDEPENDENT AUDITOR'S REPORT 2022/23**



# CENTRAL SCOTLAND VALUATION JOINT BOARD

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

### FOR THE YEAR ENDED 31 MARCH 2023

This statement shows the accounting cost of providing services and managing the Board during the year. It includes, on an accruals basis, all of the Board's day-to-day expenses and related income. It also includes transactions measuring the value of non-current assets actually consumed during the year and the real projected value of retirement benefits earned by employees during the year. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that local authorities need to take into account. The required adjustments between accounting basis and funding basis under regulations are shown in the Movement in Reserves Statement.

| 2021/22                |                   |                      |  |                | 2022/23                |                   |                      |
|------------------------|-------------------|----------------------|--|----------------|------------------------|-------------------|----------------------|
| Gross Expenditure<br>£ | Gross Income<br>£ | Net Expenditure<br>£ | Note   | £              | Gross Expenditure<br>£ | Gross Income<br>£ | Net Expenditure<br>£ |
| 2,500                  | 0                 | 2,500                | Employee costs   | 2,525          | 2,525                  | 0                 | 2,525                |
| 191                    | 0                 | 191                  | Property Costs   | 204            | 204                    | 0                 | 204                  |
| 589                    | 0                 | 589                  | Supplies & Services                                      | 600            | 600                    | 0                 | 600                  |
| 85                     | 0                 | 85                   | Support Services   | 88             | 88                     | 0                 | 88                   |
| 24                     | 0                 | 24                   | Third Party Payments                                     | 13             | 13                     | 0                 | 13                   |
| 4                      | 0                 | 4                    | Transport Costs  | 5              | 5                      | 0                 | 5                    |
| 27                     | 0                 | 27                   | Capital Charges  | 27             | 27                     | 0                 | 27                   |
|                        | (258)             | (258)                | Other Income   | (224)          | 0                      | (224)             | (224)                |
| <b>3,420</b>           | <b>(258)</b>      | <b>3,162</b>         | <b>Cost of Services</b>                                  | <b>3,238</b>   | <b>3,462</b>           | <b>(224)</b>      | <b>3,238</b>         |
|                        |                   |                      | <b>Finance &amp; Investment Income &amp; Expenditure</b> |                |                        |                   |                      |
| 0                      | (1)               | (1)                  | Interest receivable                                      | (4)            | 0                      | (4)               | (4)                  |
| 178                    | 0                 | 178                  | Pension Interest   | 150            | 150                    | 0                 | 150                  |
|                        |                   |                      | <b>Taxation &amp; Non Specific Grant Income</b>          |                |                        |                   |                      |
|                        | (2,838)           | (2,838)              | Requisitions from Member Authorities                     | <b>(2,890)</b> |                        | (2,890)           | (2,890)              |
| <b>3,598</b>           | <b>(3,097)</b>    | <b>501</b>           | <b>(Surplus)/Deficit on Provision of Services</b>        | <b>494</b>     | <b>3,612</b>           | <b>(3,118)</b>    | <b>494</b>           |
| (3,939)                | 0                 | (3,939)              | Actuarial (Gains)/Losses in Pension Assets               | <b>(8,196)</b> | (8,196)                | 0                 | (8,196)              |
| <b>(3,939)</b>         | <b>0</b>          | <b>(3,939)</b>       | <b>Other Comprehensive Income &amp; Expenditure</b>      | <b>(8,196)</b> | <b>(8,196)</b>         | <b>0</b>          | <b>(8,196)</b>       |
| <b>(341)</b>           | <b>(3,097)</b>    | <b>(3,438)</b>       | <b>Total Comprehensive Income &amp; Expenditure</b>      | <b>(7,702)</b> | <b>(4,584)</b>         | <b>(3,118)</b>    | <b>(7,702)</b>       |

Figures shown in brackets represent income or gains and figures without brackets represent expenditure or losses.

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### MOVEMENT IN RESERVES STATEMENT 2022/23

This statement shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves' (those that can be applied to fund expenditure) and 'unusable reserves'. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Reserves Balance. The Net Increase/(Decrease) shows the statutory Reserves Balance.

|  | Usable<br>Reserves<br>£000 | Unusable<br>Reserves<br>£000 | Total<br>Reserves<br>£000 |
|--|----------------------------|------------------------------|---------------------------|
| <b>Balance at 1 April 2021</b>   | <b>518</b>                 | <b>(8,677)</b>               | <b>(8,159)</b>            |
| <b><u>Movement in Reserves during 2021/22</u></b>                                    |                            |                              |                           |
| Total Comprehensive Income and Expenditure   | (501)                      | 3,939                        | 3,438                     |
| Adjustments between Accounting basis and funding<br>Basis under regulations (note 7) | 606                        | (606)                        | -                         |
| <b>Increase/(Decrease) in Year</b>   | <b>105</b>                 | <b>3,333</b>                 | <b>3,438</b>              |
| <b>Balance at 31 March 2022 carried forward</b>                                      | <b>623</b>                 | <b>(5,344)</b>               | <b>(4,721)</b>            |
| <b>Balance at 1 April 2022</b>   | <b>623</b>                 | <b>(5,344)</b>               | <b>(4,721)</b>            |
| <b><u>Movement in Reserves during 2022/23</u></b>                                    |                            |                              |                           |
| Total Comprehensive Income and Expenditure   | (494)                      | 8,196                        | 7,702                     |
| Adjustments between Accounting basis & funding<br>Basis under regulations (note 7)   | 517                        | (517)                        | -                         |
| <b>Increase/(Decrease) in Year</b>   | <b>23</b>                  | <b>7,679</b>                 | <b>7,702</b>              |
| <b>Balance at 31 March 2023 carried forward</b>                                      | <b>646</b>                 | <b>2,335</b>                 | <b>2,981</b>              |

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## BALANCE SHEET AS AT 31 MARCH 2023

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Board. The net assets/(liabilities) (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves are usable reserves, those reserves that the Board may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. 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 timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

| 31 March<br>2022<br>£000 |                                       | Note | 31 March<br>2023<br>£000 |
|--------------------------|---------------------------------------|------|--------------------------|
| 48                       | Property, Plant & Equipment           | 9    | 40                       |
| 3                        | Intangible Assets                     | 10   | 1                        |
| —                        | Surplus in pension scheme             | 14   | <u>2,327</u>             |
| <b>51</b>                | <b>Non-Current Assets</b>             |      | <b>2,368</b>             |
| 791                      | Debtors & Prepayments                 | 11   | 60                       |
| <u>323</u>               | Cash held by Clackmannanshire Council |      | 1,009                    |
| <b>1,114</b>             | <b>Current Assets</b>                 |      | <b>1,069</b>             |
| (510)                    | Creditors & Accruals                  | 12   | (456)                    |
| <b>(510)</b>             | <b>Current Liabilities</b>            |      | <b>(456)</b>             |
| <u>(5,376)</u>           | Deficit in pension scheme             | 17   | —                        |
| <b>(5,376)</b>           | <b>Long Term Liabilities</b>          |      | <b>-</b>                 |
| <b>(4,721)</b>           | <b>Net Assets/(Liabilities)</b>       |      | <b><u>2,981</u></b>      |
| 623                      | Usable reserves – General Fund        |      | 646                      |
| <u>(5,344)</u>           | Unusable Reserves                     | 13   | <u>2,335</u>             |
| <b>(4,721)</b>           | <b>Total Reserves</b>                 |      | <b><u>2,981</u></b>      |

The Draft unaudited Financial Statements were issued on 30 June 2023.

**Lindsay Sim**  
Treasurer  
30 June 2023

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

| <u>Notes</u>   | <u>Page</u> |
|--|-------------|
| 1. Accounting Policies   | 37          |
| 2. Critical Judgements in Applying Accounting Policies                                     | 44          |
| 3. Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty | 44          |
| 4. Changes to Accounting Standards   | 45          |
| 5. Events After the Reporting Period   | 45          |
| 6. Expenditure and Funding Analysis  | 46          |
| 7. Adjustments between Accounting Basis and Funding Basis under Regulations                | 50          |
| 8. Financing and Investment Income and Expenditure   | 52          |
| 9. Property, Plant and Equipment   | 52          |
| 10. Intangible Assets  | 53          |
| 11. Debtors  | 54          |
| 12. Creditors  | 54          |
| 13. Operating Leases   | 54          |
| 14. Unusable Reserves  | 55          |
| 15. Non Cash Movements   | 57          |
| 16. Material Items of Income and Expense   | 58          |
| 17. External Audit Costs   | 58          |
| 18. Defined Benefit Pension Schemes  | 58          |
| 19. Nature and Extent of Risks Arising From Financial Instruments                          | 66          |
| 20. Related Parties  | 66          |

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

### 1) Accounting Policies

#### a) General Principles

The Statement of Accounts summarises the Board's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023. The Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, 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 2022/23 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting policies have been applied consistently in the current and prior years.

#### b) Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for the provision of services or the sale of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Revenue is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.
- expenses in relation to services received (including those rendered by employees) are recorded as expenditure when the services are received, rather than when payments are made; and
- where revenue 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.

#### c) Cash and Cash Equivalents

Cash is held by Clackmannanshire Council on behalf of the Board.

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### NOTES TO THE FINANCIAL STATEMENTS 2022/23

#### **d) Prior period adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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, other events and conditions on the Board's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior year as if the new policy had always been applied.

Material errors discovered in prior year figures are corrected retrospectively by amending opening balances and comparative amounts for the prior year.

#### **e) Charges to Revenue for Non-Current Assets**

The following amounts are debited to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets; and
- amortisation of intangible assets.

The Board is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement depreciation, revaluation and impairment losses and amortisations are therefore replaced by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### **f) Employee Benefits**

##### Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Board. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### NOTES TO THE FINANCIAL STATEMENTS 2022/23

#### Post Employment Benefits

Employees of the Board are members of The Local Government Pension Scheme administered by Falkirk Council.

This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Board.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Falkirk Pension Fund attributable to the Board are included in 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 on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate based on the gross redemption yield on the iBoxx Sterling Corporate Index, AA cover 15 years;
- The assets of the Falkirk pension fund attributable to the Board are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price;
  - unquoted securities – professional estimate;
  - unitised securities – current bid price; and
  - property – market value.
- The change in the net pensions liability is analysed into seven components:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
  - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
  - expected return on assets – the annual investment return on the fund assets attributable to the Board, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;



## CENTRAL SCOTLAND VALUATION JOINT BOARD

### NOTES TO THE FINANCIAL STATEMENTS 2022/23

- 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/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 Comprehensive Income and Expenditure Statement; and
- contributions paid to the Falkirk 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 General Fund balance 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 according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General 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.

The Valuation Joint Board is a recognised 'employing authority' within the meaning of the Local Government Superannuation (Scotland) Regulations.

#### **g) 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. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Board.

Intangible assets are measured at cost less amortisation and any provisions for impairment.

Amounts are only revalued where the fair value of the assets are held by the Board can be determined by reference to an active market.

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### NOTES TO THE FINANCIAL STATEMENTS 2022/23

The depreciable amount of an intangible asset is amortised 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 posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account. The Board's policy is to write off intangible assets over five years.

#### **h) Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes 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 item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

##### Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Assets are then carried in the Balance Sheet using fair value, the amount determined by that which would be paid for the asset in its existing use (existing use value - EUV) or where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value. The assets within these financial statements are carried at depreciated replacement cost.

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### NOTES TO THE FINANCIAL STATEMENTS 2022/23

#### Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off value of disposals is appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

#### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. The Board's policy is to write off the assets over three years.

#### **i) Reserves**

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

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

#### **j) Events After the Balance Sheet date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date when the Annual Accounts are authorised for issue.

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### NOTES TO THE FINANCIAL STATEMENTS 2022/23

Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

#### **k) VAT**

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

#### **l) Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Board when there is reasonable assurance that:

- the Board will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Board are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Statement.

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### NOTES TO THE FINANCIAL STATEMENTS 2022/23

#### 2) Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Board has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement made in the Financial Statements is:

- There is a high degree of uncertainty about future levels of funding from Local Government. However, the Board has determined that this uncertainty is not yet sufficient to provide an indication that the activities of the Board might be impaired as a result of a need to reduce levels of service provision.

#### 3) Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made about the future or that which are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Board's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| <u>Item</u>        | <u>Uncertainties</u>  | <u>Effect if Actual Results Differ from Assumptions</u>   |
|--------------------|---|---|
| Pensions Liability | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Board with expert advice about the assumptions to be applied. | The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the real discount rate would result in an increase in the pension liability of £0.319m, and a 0.1% increase in the pension increase rate (CPI) would result in an increase in the pension liability of £0.277m. |

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### NOTES TO THE FINANCIAL STATEMENTS 2022/23

#### 4) Accounting Standards Issued not yet Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2023/24 Code:

- Definition of Accounting Estimates (Amendments to IAS 8) issued February 2021;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment to IAS 12) issued in May 2021, and
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

The Code requires implementation of these from 1 April 2023, therefore there is no impact on the 2022/23 financial statements. There is also no expected material impact from the adoption of these new or amended standards in 2023/24.

In addition to the above, IFRS 16 (Leases) must be adopted from 1 April 2024, although voluntary adoption is permitted before this date. The impact in future years from the implementation of this standard is that the leased asset, along with the lease liability, will appear on the Board's balance sheet. The Board will adopt this standard in 2024/25 in line with the mandatory adoption deadline therefore there is no impact on the 2022/23 financial statements.

#### 5) Events after the Reporting Period

The unaudited Financial Statements were authorised for issue by the Treasurer on 30 June 2023. Events taking place after this date are not reflected in the Financial Statements or Notes.

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

### 6) Expenditure and Funding Analysis

This note shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

| 2021/22                                |  |                                       |   | 2022/23                                |  |                                       |
|--|--|---------------------------------------|---|--|--|---------------------------------------|
| Net Expenditure Chargeable To Reserves | Adjustments between Funding and Accounting Basis | Net Expenditure In the CI&E Statement |   | Net Expenditure Chargeable to Reserves | Adjustments between Funding and Accounting Basis | Net Expenditure in the CI&E Statement |
| £000                                   | £000   | £000                                  |   | £000                                   | £000   | £000                                  |
| (104)                                  | 428  | 324                                   | Cost of Services  | (19)                                   | 367  | 348                                   |
| (1)                                    | 178  | 177                                   | Other Income & Expenditure                                | (4)                                    | 150  | 146                                   |
| <u>(105)</u>                           | <u>606</u>                                       | <u>501</u>                            | (Surplus)/Deficit on Provision of Services                | <u>(23)</u>                            | <u>517</u>                                       | <u>494</u>                            |
|  |  | (518)                                 | Opening Balance on Reserves                               | (623)                                  |  |                                       |
|  |  | (105)                                 | Plus (Surplus)/Deficit on usable reserves balance in year | (23)                                   |  |                                       |
|  |  | <u>(623)</u>                          | Closing Balance at 31 March                               | <u>(646)</u>                           |  |                                       |

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### NOTES TO THE FINANCIAL STATEMENTS 2022/23

The Expenditure and Funding Analysis brings together the net expenditure based on the management reporting structure and compares this against the net expenditure that is reported in the Comprehensive Income and Expenditure Statement in line with the Accounting Framework.

| <b>2022/23</b>   | <b>Adjustments<br/>for Capital<br/>Purposes<br/>£000</b> | <b>Adjustments<br/>for Pensions<br/>Adjustments<br/>£000</b> | <b>Total<br/>Adjustments<br/>£000</b> |
|--|--|--|---------------------------------------|
| Net Cost of Services   | 9  | 358  | 367                                   |
| Other Income and Expenditure<br>From the Funding Analysis                        | -  | 150  | <b>150</b>                            |
| <b>Difference between surplus or<br/>Deficit and CI&amp;E Surplus or Deficit</b> | <b>9</b>   | <b>508</b>   | <b>517</b>                            |
| <b>2021/22</b>   | <b>Adjustments<br/>for Capital<br/>Purposes<br/>£000</b> | <b>Adjustments<br/>for Pensions<br/>Adjustments<br/>£000</b> | <b>Total<br/>Adjustments<br/>£000</b> |
| Net Cost of Services   | 16   | 412  | 428                                   |
| Other Income and Expenditure<br>From the Funding Analysis                        | -  | 178  | <b>178</b>                            |
| <b>Difference between surplus or<br/>Deficit and CI&amp;E Surplus or Deficit</b> | <b>16</b>  | <b>590</b>   | <b>606</b>                            |

Within costs of services there are costs included of £42k (2021/22: £7k) that were not reported during the in-year monitoring. These are as a result of Capital Financing Costs, £27k (2021/22: £27k) and Compensating Absences Account Adjustments, £15k (2021/22: £(20k)).

Within the accounts are the costs and related income of the Portal. The Portal is a website administered by all Assessors in Scotland that provides information on Valuation Rolls and Council Tax lists. Costs are fully met by income therefore there is no impact on the (Surplus)/Deficit on provision of services.

The following costs incurred by the Portal are included in the table below; Supplies and Services costs of £189k (2021/22: £167k) for Professional Fees. These costs are fully offset by income of £189k (2021/22: £167k) having no impact on the overall Surplus for the Board in the year.



# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

### Amounts reported for resource allocation

#### Income and Expenditure

|                                 | <b>2021/22</b> | <b>2022/23</b> |
|---------------------------------|----------------|----------------|
|                                 | <b>£000</b>    | <b>£000</b>    |
| Fees, charges and other income  | (259)          | (228)          |
| Council Contributions           | (2,838)        | (2,890)        |
| <b>Total Income</b>             | <b>(3,097)</b> | <b>(3,118)</b> |
| Employee Costs                  | 2,089          | 2,167          |
| Other operating costs           | 903            | 928            |
| <b>Total Operating Expenses</b> | <b>2,992</b>   | <b>3,095</b>   |
| <b>Net Cost of Services</b>     | <b>(105)</b>   | <b>(23)</b>    |

#### Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

|  | <b>2021/22</b> | <b>2022/23</b> |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
| Net Cost of Services                                     | (105)          | (23)           |
| Add amounts not reported in service management accounts* | 606            | 517            |
|  | <b>501</b>     | <b>494</b>     |

\*This includes depreciation and IAS19 pension adjustments

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

### Reconciliation to Subjective Analysis 2022/23

|                                 | Management<br>Accounts<br>£000 | Not Reported<br>In Management<br>Accounts<br>£000 | Net Cost<br>of Service<br>£000 |
|---------------------------------|--------------------------------|---|--------------------------------|
| Fees, charges and other income  | (228)                          | -   | (228)                          |
| Council Contributions           | (2,890)                        | -   | (2,890)                        |
| <b>Total Income</b>             | <b>(3,118)</b>                 | <b>-</b>  | <b>(3,118)</b>                 |
| Employee Costs                  | 2,167                          | 358   | 2,525                          |
| Other operating costs           | 928                            | (18)  | 910                            |
| Depreciation                    | -                              | 27  | 27                             |
| Interest Payments               | -                              | 150   | 150                            |
| <b>Total Operating Expenses</b> | <b>3,095</b>                   | <b>517</b>  | <b>3,612</b>                   |
| <b>Net Cost of Services</b>     | <b>(23)</b>                    | <b>517</b>  | <b>494</b>                     |

### Reconciliation to Subjective Analysis 2021/22

|                                 | Management<br>Accounts<br>£000 | Not Reported<br>In Management<br>Accounts<br>£000 | Net Cost<br>of Service<br>£000 |
|---------------------------------|--------------------------------|---|--------------------------------|
| Fees, charges and other income  | (259)                          | -   | (259)                          |
| Council Contributions           | (2,838)                        | -   | (2,838)                        |
| <b>Total Income</b>             | <b>(3,097)</b>                 | <b>-</b>  | <b>(3,097)</b>                 |
| Employee Costs                  | 2,089                          | 412   | 2,501                          |
| Other operating costs           | 903                            | (11)  | 892                            |
| Depreciation                    | -                              | 27  | 27                             |
| Interest Payments               | -                              | 178   | 178                            |
| <b>Total Operating Expenses</b> | <b>2,992</b>                   | <b>606</b>  | <b>3,598</b>                   |
| <b>Net Cost of Services</b>     | <b>(105)</b>                   | <b>606</b>  | <b>501</b>                     |

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

### 7) Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

2022/23

|   | General<br>Fund<br>Balance<br>£000 | Movement in<br>Unusable<br>Reserves<br>£000 |
|---|------------------------------------|---|
| <b>Adjustments to Revenue Resources:</b>  |                                    |   |
| <b><u>Reversal of items debited or credited to the Surplus or Deficit on Provision of Services in relation to Capital Expenditure:</u></b>  |                                    |   |
| Charges for depreciation and impairment of non-current assets   | (27)                               | 27  |
| <b><u>Adjustments involving the Pensions Reserve:</u></b>   |                                    |   |
| Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 17)                   | (888)                              | 888   |
| Employer's pensions contributions and direct payments to pensioners payable in the year (see note 17)   | 395                                | (395)                                       |
| <b><u>Adjustment involving the Accumulating Compensated Absences Adjustment Account:</u></b>  |                                    |   |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (15)                               | 15  |
| <b>Adjustments between Revenue and Capital Resources:</b>   |                                    |   |
| <b><u>Insertion of items not debited or credited to the Surplus or Deficit on Provision of Services in relation to Capital Expenditure:</u></b>   |                                    |   |
| Capital expenditure financed from Revenue Balances  | 18                                 | (18)  |
| <b>Total Adjustments</b>  | <b>(517)</b>                       | <b>517</b>                                  |

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

2021/22

### Usable Reserves

| General<br>Fund<br>Balance<br>£000 | Movement in<br>Unusable<br>Reserves<br>£000 |
|------------------------------------|---|
|------------------------------------|---|

#### Adjustments to Revenue Resources:

Reversal of items debited or credited to the Surplus or Deficit on Provision of Services in relation to Capital Expenditure:

|   |      |    |
|---|------|----|
| Charges for depreciation and impairment of non-current assets | (27) | 27 |
|---|------|----|

Adjustments involving the Pensions Reserve:

|   |       |     |
|---|-------|-----|
| Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 17) | (983) | 983 |
|---|-------|-----|

|   |     |       |
|---|-----|-------|
| Employer's pensions contributions and direct payments to pensioners payable in the year (see note 17) | 373 | (373) |
|---|-----|-------|

Adjustment involving the Accumulating Compensated Absences Adjustment Account:

|   |    |      |
|---|----|------|
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 20 | (20) |
|---|----|------|

#### Adjustments between Revenue and Capital Resources:

Insertion of items not debited or credited to the Surplus or Deficit on Provision of Services in relation to Capital Expenditure:

|  |    |      |
|--|----|------|
| Capital expenditure financed from Revenue Balances | 11 | (11) |
|--|----|------|

|                          |              |            |
|--------------------------|--------------|------------|
| <b>Total Adjustments</b> | <b>(606)</b> | <b>606</b> |
|--------------------------|--------------|------------|

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

### 8) Financing and Investment Income and Expenditure

| 2021/22<br>£000 |  | 2022/23<br>£000 |
|-----------------|--|-----------------|
| 178             | Pensions interest cost and expected return on pension assets | 150             |
| (1)             | Interest receivable and similar income                       | (4)             |
| <u>177</u>      |  | <u>146</u>      |

### 9) Property, Plant and Equipment

|   | 2021/22<br>£000 | 2022/23<br>£000 |
|---|-----------------|-----------------|
| <b>Opening Gross Book Value</b>           | <b>251</b>      | <b>262</b>      |
| Additions                                 | 11              | 18              |
| <b>Closing Gross Book Value</b>           | <b>262</b>      | <b>280</b>      |
| <b>Opening Accumulated Depreciation</b>   |                 |                 |
| Opening Depreciation                      | 188             | 214             |
| Depreciation for the year                 | 26              | 26              |
| <b>Closing Accumulated Depreciation</b>   | <b>214</b>      | <b>240</b>      |
| <b>Closing Net Book Value at 31 March</b> | <b>48</b>       | <b>40</b>       |
| <b>Opening Net Book Value at 1 April</b>  | <b>63</b>       | <b>48</b>       |

#### Depreciation

Within Property Plant and Equipment the Board holds computer equipment, furniture and other equipment. The deemed useful life and depreciation rate for these assets is 3 years.

#### Disposals

There were no asset disposals during 2022/23 or 2021/22.

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### NOTES TO THE FINANCIAL STATEMENTS 2022/23

#### 10) Intangible Assets

The Board accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use. The useful life assigned to the new software purchase in the year is three years and the carrying amount of intangible assets is amortised on a straight-line basis.

There were no additions or disposals during 2022/23 or 2021/22.

| <b>Software</b>                           | <b>2021/22<br/>£000</b> | <b>2022/23<br/>£000</b> |
|---|-------------------------|-------------------------|
| <b>Opening Gross Book Value</b>           | <b>7</b>                | <b>7</b>                |
| <b>Closing gross book value</b>           | <b>7</b>                | <b>7</b>                |
| <b>Opening Accumulated Amortisation</b>   |                         |                         |
| Opening amortisation                      | 3                       | 4                       |
| Amortisation for the year                 | 1                       | 2                       |
| <b>Closing Accumulated Amortisation</b>   | <b>4</b>                | <b>6</b>                |
| <b>Closing Net Book Value at 31 March</b> | <b>3</b>                | <b>1</b>                |
| <b>Opening Net Book Value at 1 April</b>  | <b>4</b>                | <b>3</b>                |

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

### 11) Debtors

| 31 March<br>2022<br>£000 |                                | 31 March<br>2023<br>£000 |
|--------------------------|--------------------------------|--------------------------|
| 1                        | Central Government Bodies      | 3                        |
| 720                      | Other Local Authorities        | 7                        |
| 70                       | Other Entities and Individuals | 50                       |
| <b>791</b>               | <b>Total</b>                   | <b>60</b>                |

### 12) Creditors

| 31 March<br>2022<br>£000 |                                | 31 March<br>2023<br>£000 |
|--------------------------|--------------------------------|--------------------------|
| 39                       | Central Government Bodies      | 46                       |
| 41                       | Other Local Authorities        | 47                       |
| 430                      | Other Entities and Individuals | 363                      |
| <b>510</b>               | <b>Total</b>                   | <b>456</b>               |

### 13) Operating Leases

The Board acquired office accommodation at Hillside House in Stirling by entering into an operating lease which ends on 31 May 2023. A new lease was entered into at Glendevon House in Stirling from 14 April 2023 for 10 years. Below are the future minimum payments due on the lease.

| 31 March<br>2022<br>£000 |                            | 31 March<br>2023<br>£000 |
|--------------------------|----------------------------|--------------------------|
| 85                       | Not later than one year    | 48                       |
| 21                       | Between one and five years | 266                      |
| <b>106</b>               |                            | <b>314</b>               |

£85k of expenditure was charged to the Comprehensive Income and Expenditure Statement during the year in relation to the lease of Hillside House (£85k in 2021/22).

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

### 14) Unusable Reserves

| 31 March<br>2022<br>£000 |  | 31 March<br>2023<br>£000 |
|--------------------------|--|--------------------------|
| 51                       | Capital Adjustment Account                           | 42                       |
| (5,376)                  | Pensions Reserve                                     | 2,327                    |
| (19)                     | Accumulating Compensated Absences Adjustment Account | (34)                     |
| <b>(5,344)</b>           | <b>Total Unusable Reserves</b>                       | <b>2,335</b>             |

#### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences 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 from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside as finance for the costs of acquisition, construction and enhancement.

Note 6 provides details of the source of all the transactions posted to the account.

| 2021/22<br>£000 |  | 2022/23<br>£000 |
|-----------------|--|-----------------|
| 67              | <b>Balance at 1 April</b>  | 51              |
|                 | <b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b> |                 |
| (27)            | - Charges for depreciation and impairment of non current assets  | (27)            |
| 11              | - Capital Expenditure charged against the General Fund   | 18              |
| <b>51</b>       | <b>Balance at 31 March</b>   | <b>42</b>       |



# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

### **Pensions Reserve**

The Pensions 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 Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investments 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 pensions 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.

| <b>2021/22</b> |  | <b>2022/23</b> |
|----------------|--|----------------|
| <b>£000</b>    |  | <b>£000</b>    |
| <b>(8,705)</b> | <b>Balance at 1 April</b>  | <b>(5,376)</b> |
| 3,939          | Actuarial gains or (losses) on pensions assets and liabilities   | 8,196          |
|                | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | (888)          |
| (983)          | Employer's pensions contributions and direct payments to pensioners payable in the year  | 395            |
| 373            |  |                |
| <b>(5,376)</b> | <b>Balance at 31 March</b>   | <b>2,327</b>   |

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

### **Accumulating Compensated Absences Adjustment Account**

The Accumulating Compensated Absences Adjustment Account represents holiday entitlement earned but not yet taken and absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

| 2021/22<br>£000 | 2021/22<br>£000<br>(39) |   | 2022/23<br>£000 | 2022/23<br>£000<br>(19) |
|-----------------|-------------------------|---|-----------------|-------------------------|
|                 |                         | <b>Balance at 1 April</b>   |                 |                         |
| 40              |                         | Settlement or cancellation of accrual made at the end of the preceding year   | 20              |                         |
| (20)            |                         | Amounts accrued at the end of the current year  | (35)            |                         |
|                 | 20                      | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements |                 | (15)                    |
|                 | <u>(19)</u>             | <b>Balance at 31 March</b>  |                 | <u>(34)</u>             |

### 15) Non Cash Movements

| 2021/22<br>£000 |   | 2022/23<br>£000 |
|-----------------|---|-----------------|
| (27)            | Depreciation & Amortisation                   | (27)            |
| 124             | Increase/(Decrease) in Creditors              | 54              |
| 656             | (Increase)/Decrease in Debtors                | (731)           |
| (610)           | Movement in Pension Liability                 | (493)           |
| <u>143</u>      | <b>Net cash flows from non cash movements</b> | <u>(1,207)</u>  |

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

### 16) Material Items of Income

#### Council Contributions

| 2021/22        |                                  | 2022/23        |
|----------------|----------------------------------|----------------|
| £000           |                                  | £000           |
| (1,406)        | Falkirk Council (49.5%)          | (1,431)        |
| (988)          | Stirling Council (34.8%)         | (1,006)        |
| (444)          | Clackmannanshire Council (15.7%) | (453)          |
| <u>(2,838)</u> |                                  | <u>(2,890)</u> |

### 17) External Audit Costs

| 2021/22  |   | 2022/23  |
|----------|---|----------|
| £000     |   | £000     |
| 8        | Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year | 3        |
| <u>8</u> |   | <u>3</u> |

### 18) Defined Benefit Pension Schemes

#### Participation in 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 (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Board participates in the Local Government Pension Scheme, administered locally by Falkirk Council – this is a funded defined benefit final salary 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.

#### Transactions relating to post employment benefits

The Board recognise the cost of retirement benefits are recognised 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 the Board is required to make 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 Reserves 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:

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

### Local Government Pension Scheme

|   | 2021/22<br>£000 | 2022/23<br>£000 |
|---|-----------------|-----------------|
| <b>Comprehensive Income and Expenditure Statement</b>   |                 |                 |
| <i>Cost of Services</i>   |                 |                 |
| • current service cost  | 805             | 738             |
| • past service costs  | -               | -               |
| <i>Financing and Investment Income and Expenditure</i>  |                 |                 |
| • Interest expense - defined benefit obligation   | 552             | 716             |
| • Interest income on scheme assets  | (374)           | (566)           |
| <i>Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services</i> | <b>983</b>      | <b>888</b>      |
| <i>Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</i>  |                 |                 |
| Re-measurement of the net defined benefit liability comprising                                      |                 |                 |
| • return on pension fund assets (excluding interest income above)                                   | (2,072)         | 382             |
| • Actuarial (gains)/losses arising on changes in financial assumptions                              | (1,761)         | (9,625)         |
| • Actuarial (gains) arising on changes in demographic assumptions                                   | (154)           | (211)           |
| • Other experience (gains)/losses   | 48              | 1,258           |
| <i>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</i>  | <b>(2,956)</b>  | <b>(7,308)</b>  |
| Actuarial (gains)/losses on pension fund assets and liabilities                                     | <b>(3,939)</b>  | <b>(8,196)</b>  |

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

### Local Government Pension Scheme

|   | 2021/22<br>£000 | 2022/23<br>£000 |
|---|-----------------|-----------------|
| <b><i>Movement in Reserves Statement</i></b>  |                 |                 |
| • reversal of net charges made to the Total Comprehensive Income and Expenditure Statement for post employment benefits in accordance with the Code | (983)           | (888)           |
| <b><i>Actual amount charged against the General Fund</i></b>  |                 |                 |
| <b><i>Balance for pensions in the year:</i></b>   |                 |                 |
| • employers contributions payable to scheme   | 373             | 395             |

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the balance sheet arising from the Board's obligation in respect of its defined benefit plan is as follows:

|   | 2021/22<br>£000 | 2022/23<br>£000 |
|---|-----------------|-----------------|
| Present value of the defined benefit obligation*  | (26,444)        | (18,736)        |
| Fair value of pension fund assets   | 21,068          | 21,063          |
| <b>Net (Liability)/Asset arising from Defined Benefit Obligation</b>                            | <b>(5,376)</b>  | <b>2,327</b>    |
| * unfunded liabilities for Pension Fund included in the figure for present value of liabilities | 269             | 235             |

The liabilities/assets show the underlying commitments that the Board has in the long term to pay post employment (retirement) benefits. For 2022/23, the net asset of £2.327m has a substantial impact on the net worth of the Board as recorded in the Balance Sheet, resulting in an overall positive balance of £2.975m. However, this can fluctuate annually due to economic and demographic factors and finance is only required to be raised to cover discretionary benefits when the pensions are actually paid. The surplus or deficit on the scheme will be considered by the actuary at the time of the triennial valuation to ensure contributions over the remaining working life of employees (i.e. before payments fall due), are sufficient.

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### NOTES TO THE FINANCIAL STATEMENTS 2022/23

**A reconciliation of the Board's share of the present value of Falkirk Pension Fund's defined benefit obligation (liabilities) is as follows:**

|   | <b>2021/22</b>  | <b>2022/23</b>  |
|---|-----------------|-----------------|
|   | <b>£000</b>     | <b>£000</b>     |
| <b>Opening balance at 1 April</b>                             | <b>(27,511)</b> | <b>(26,444)</b> |
| Current service cost  | (805)           | (738)           |
| Interest cost   | (552)           | (716)           |
| Contributions by scheme participants                          | (99)            | (105)           |
| <b>Re-measurement gains and (losses)</b>                      |                 |                 |
| Actuarial gains from change in demographic assumptions        | 154             | 211             |
| Actuarial gains/(losses) from change in financial assumptions | 1,761           | 9,625           |
| Actuarial gains/(losses) from other experiences               | (48)            | (1,258)         |
| Past Service  | -               | -               |
| Benefits paid   | 656             | 689             |
| <b>Closing value at 31 March</b>                              | <b>(26,444)</b> | <b>(18,736)</b> |

**A reconciliation of the Board's share of the fair value of Falkirk Pension Fund's assets are as follows:**

|   | <b>2021/22</b> | <b>2022/23</b> |
|---|----------------|----------------|
|   | <b>£000</b>    | <b>£000</b>    |
| <b>Opening fair value of pension fund assets</b>                      | <b>18,806</b>  | <b>21,068</b>  |
| Interest Income   | 374            | 566            |
| Other experience  | -              | -              |
| Return on pension assets (excluding amounts included in net interest) | 2,072          | (382)          |
| Contributions from employers  | 373            | 395            |
| Contributions by employees into the scheme                            | 99             | 105            |
| Benefits paid   | (656)          | (689)          |
| <b>Closing fair value of pension fund assets</b>                      | <b>21,068</b>  | <b>21,063</b>  |

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

### Analysis of Pension Fund Assets

| The Board's share of the Pension Fund comprised: | 31 March<br>2022<br>£000 | 31 March<br>2023<br>£000 |
|--|--------------------------|--------------------------|
| <b>Equity instruments (by industry type)</b>     |                          |                          |
| - Consumer                                       | 1,288                    | 1,286                    |
| - Manufacturing                                  | 1,128                    | 1,128                    |
| - Energy & Utilities                             | 734                      | 734                      |
| - Financial Institutions                         | 1,532                    | 1,532                    |
| - Health & Care                                  | 689                      | 689                      |
| - Information Technology                         | 1,707                    | 1,707                    |
| - Other  | 206                      | 206                      |
| <b>Sub Total Equity</b>                          | <b>7,284</b>             | <b>7,282</b>             |
| <b>Debt Instruments</b>                          |                          |                          |
| - Corporate bonds (investment guide)             | -                        | -                        |
| - UK Government                                  | 863                      | 862                      |
| - Other  | 393                      | 393                      |
| <b>Property (by type)</b>                        |                          |                          |
| - UK   | 1,305                    | 1,304                    |
| - Overseas                                       | 2                        | 2                        |
| <b>Sub Total Property</b>                        | <b>1,307</b>             | <b>1,306</b>             |
| <b>Private Equity</b>                            |                          |                          |
| - UK   | 254                      | 254                      |
| <b>Sub Total Private Equity</b>                  | <b>254</b>               | <b>254</b>               |
| <b>Other Investment Funds</b>                    |                          |                          |
| - Equities                                       | 5,439                    | 5,438                    |
| - Bonds  | 1,120                    | 1,119                    |
| - Infrastructure                                 | 2,291                    | 2,291                    |
| - Other  | 1,250                    | 1,250                    |
| <b>Sub Total Other Investment Funds</b>          | <b>10,100</b>            | <b>10,098</b>            |
| <b>Cash and Cash Equivalents</b>                 | <b>868</b>               | <b>868</b>               |
| <b>Total Assets</b>                              | <b>21,068</b>            | <b>21,063</b>            |

# CENTRAL SCOTLAND VALUATION JOINT BOARD

## NOTES TO THE FINANCIAL STATEMENTS 2022/23

### Basis for Estimating Assets and Liabilities

The Board's share of the net obligations of the Falkirk Pension Fund is an estimated figure based on actuarial assumptions about the future and is a snapshot at the end of the financial year. The net obligation has been assessed using the "projected unit method", that estimates that the pensions will be payable in future years dependant upon assumptions about mortality rates, salary levels and employee turnover rates.

The fund's obligation has been assessed by Hymans Robertson, an independent firm of actuaries, and the estimates are based on the latest full valuation of the fund at 31 March 2023. The significant assumptions used by the actuary are shown in the table below. The note includes a sensitivity analysis for the pension obligation based on reasonably possible changes in these assumptions occurring at the reporting date.

The principal assumptions used by the actuary have been:

|   | <b>Local Government<br/>Pension Scheme</b> |                |
|---|--|----------------|
|   | <b>2021/22</b>                             | <b>2022/23</b> |
| <b>Long-term expected rate of return on assets in the scheme:</b> |  |                |
| Equity investments  | 2.7%                                       | 4.8%           |
| Bonds   | 2.7%                                       | 4.8%           |
| Property  | 2.7%                                       | 4.8%           |
| Cash  | 2.7%                                       | 4.8%           |
| <b>Mortality assumptions:</b>                                     |  |                |
| Longevity at 65 for current pensions                              |  |                |
| - Men   | 20.4 years                                 | 20.0 years     |
| - Women   | 23.0 years                                 | 22.7 years     |
| Longevity at 65 for future pensioners                             |  |                |
| - Men   | 21.6 years                                 | 21.2 years     |
| - Women   | 25.0 years                                 | 24.7 years     |
| Rate of inflation   | 3.2%                                       | 3.0%           |
| Rate of increase in salaries                                      | 3.8%                                       | 3.6%           |
| Rate of increase in pensions                                      | 3.2%                                       | 3.0%           |
| Rate for discounting fund liabilities                             | 2.7%                                       | 4.8%           |



## CENTRAL SCOTLAND VALUATION JOINT BOARD

### NOTES TO THE FINANCIAL STATEMENTS 2022/23

LGPS liabilities are sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The method and types of assumption used in preparing the sensitivity analysis below did not change from this used in the previous period.

#### Change in Assumptions at 31 March 2023

|  | Approximate %<br>Increase to<br>Employer | Approximate<br>Monetary<br>Amount<br>(£000) |
|--|--|---|
| 0.1% decrease in Real Discount Rate        | 2%                                       | 319   |
| 1 year increase in Member Life, Expectancy | 4%                                       | 749   |
| 0.1% increase in the Salary Increase Rate  | 0%                                       | 47  |
| 0.1% increase in the Pension Increase Rate | 1%                                       | 277   |

#### McCloud Ruling

When the LGPS benefit structure was reformed in 2015, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2015 by these members are subject to an ‘underpin’ which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling (“McCloud/Sargeant”) that similar transitional protections in the Judges’ and Firefighters’ Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling were expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court, but in June 2019 the Supreme Court ruled that the Government has no grounds for appeal and the earlier ruling by the Court of Appeal was upheld.

The clear expectation from this ruling is that many more members will see enhanced benefit rather than just those currently subject to those protections. In this outcome, there will likely be a retrospective increase in members’ benefits, which in turn will give rise to a past service cost for the Fund employers when the outcome is known.

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### NOTES TO THE FINANCIAL STATEMENTS 2022/23

Quantifying the impact at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019.

The Fund's actuary has adjusted GAD's estimate to better reflect the Falkirk Council Pension Fund's local assumptions, particularly salary increases and withdrawal rates, with a high level estimate of the impact on the pension fund liability having been built into the Pension disclosures. These numbers are high level estimates based on scheme level calculations and depend on several key assumptions. The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. There has been no change to the assumptions for this in 2022/23.

#### **Guaranteed Minimum Pension (GMP)**

Guaranteed minimum pension (GMP) was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However, overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The Fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of Central Scotland Joint Valuation Board for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards. There has been no change to these assumptions in 2022/23.

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### NOTES TO THE FINANCIAL STATEMENTS 2022/23

#### **Impact on the Authority's Cash Flow**

The objective of the Falkirk Pension Fund is to keep employers contributions at as constant a rate as possible. As a result of the latest triennial valuation at 31 March 2020 the Employers' contribution rate was set at 23.5% for 2021/22 and 24.5% for 2022/23, for 2023/24 the rate has been set at 25%. The total contributions expected to be made by the Board to Falkirk Pension Fund in the year to 31 March 2024 is £383k. The contribution rates for the next three years commencing 2024/25, set by the actuaries, will be based on the triennial valuation as at 31 March 2023.

#### **19) Nature and Extent of Risks arising from Financial Instruments**

As at 31 March 2023 the Valuation Joint Board has Debtors of £60k, cash held by Clackmannanshire Council £1,009k and Creditors of £456k. There is no provision for bad debts. The transactions entered into do not give rise to any market or liquidity risk and credit risk is considered below.

##### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Board's customers.

The Board's finances are controlled by Clackmannanshire Council. This risk is minimised through the Council's Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria. Details of the Investment Strategy can be found on Clackmannanshire Council's website.

#### **20) Related Parties**

The Board is required to disclose material transactions with the related parties - bodies or individuals that have potential to control or influence the Board or to be controlled or influenced by the Board. Disclosure of these transactions allows readers to assess the extent to which the Board might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Board. In this context related parties include:

- Other Local Authorities: and
- Elected Members and Chief Officers.

## CENTRAL SCOTLAND VALUATION JOINT BOARD

### NOTES TO THE FINANCIAL STATEMENTS 2022/23

**The following related party transactions in 2022/23 are disclosed elsewhere within the Annual Report and Financial Statements:**

- a) Requisitions from other Local Authorities are shown in Note 16 to the Comprehensive Income and Expenditure Statement on page 58; and
- b) Payments to Elected Members and Chief Officers are shown in the Remuneration Report starting on page 25.