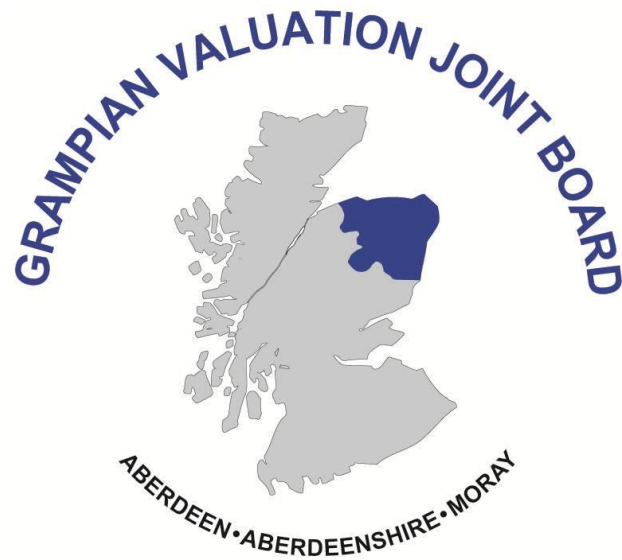


AUDITED ACCOUNTS



GRAMPIAN VALUATION JOINT BOARD

**ANNUAL ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2024**

If you need information from the Moray Council in a different language or format, such as Braille, audio tape or large print, please contact:

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اگر آپ کو مورے کونسل سے کسی دیگر زبان یا صورت میں معلومات درکار ہوں مثلاً "بریلے، آڈیو ٹیپ یا بڑے حروف، تو مہربانی فرما کر رابطہ فرمائیں: :



Treasurer to the Board, Financial Services, High Street, Elgin, IV30 1BX



01343 563125



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MANAGEMENT COMMENTARY

Strategy and objectives

The Assessor & Electoral Registration Officer is responsible for the provision of valuation assessment and registration services across the Aberdeen City Council, Aberdeenshire Council and Moray Council areas.

These strictly defined and regulated services are delivered by the Assessor & Electoral Registration Officer, as an independent statutory official, in partnership with the Grampian Valuation Joint Board, an independent local government body established by The Valuation Joint Boards (Scotland) Order 1995 and comprising members from each of the constituent authorities. The Board is required to appoint and resource an Assessor. The constituent authorities are required to appoint and resource an Electoral Registration Officer (ERO) and, by agreement, the Board has undertaken this responsibility on behalf of the local authorities. Costs incurred by the Board are apportioned between the councils based on the respective population of each council area.

The priorities for 2023/24 were:

- Implement a full household canvass;
- Publish revised registers by 1 December 2023;
- Implementation of changes brought in by the Elections Act of 2022 and the review of UK Parliamentary constituencies;
- Maintain a complete and accurate Valuation Roll in terms of the Local Government (Scotland) Act 1975;
- Manage the introduction of the new two-stage non-domestic proposal and appeal system;
- Carry out the first annual audit of self-catering accommodation following the amendment of the Council Tax (Dwellings) and Part Residential Subjects (Scotland) Regulations 1992;
- Dispose of the remaining appeals lodged in respect of the valuation roll in force from 1 April 2017;
- Maintain a complete and accurate Council Tax Valuation List in terms of the Local Government Finance Act 1992.

Monitoring regimes

The Electoral Commission has a performance monitoring framework in place for EROs across the UK and statistics are provided annually to the Commission and to the Cabinet Office following the completion of the annual canvass and the publication of revised registers.

Quarterly revaluation proposal and appeal resolution returns are made to the Scottish Government that in turn publishes the local and national data.

Key performance indicators to monitor performance in relation to the updating of the Council Tax Valuation List and the Valuation Roll are set by the Board and are reported quarterly to the Board and annually to Scottish Government.

MANAGEMENT COMMENTARY (continued)

Business model

The organisation delivers the outcomes that are required by statute in a dual strand approach with the Board providing resources and oversight and the Assessor & ERO delivering the specialised independent professional services of valuation assessment and electoral registration. The organisation operates a hybrid home/office working model and has physical offices in Aberdeen, Banff and Elgin.

The Assessor & ERO and his staff work closely with the other Scottish Assessors and EROs via the Scottish Assessors' Association (SAA) to deliver a service across Aberdeen City, Aberdeenshire and Moray council areas that is consistent with that being delivered across all 32 local authority areas in Scotland. The sharing of expertise and representation through the SAA is a good example of shared services across Scotland that includes a national website and data source for a wide range of stakeholders that includes citizens, business, third sector, public agencies, government and research bodies.

Appeal outcome data and performance indicators measure the effectiveness of the organisation's valuation assessment role and the Electoral Commission's performance framework monitors the registration outcomes.

The organisation met the demands placed upon it in terms of its valuation assessment and electoral registration duties during the 2023/24 financial year.

A review of the organisation's priorities and operations

Implement a full household canvass

The 2023 canvass used the now established method of firstly using a data matching exercise to determine the appropriate approach to be taken on a household-by-household basis. The data matching exercise compared the registration database to government records and the results returned to the registration officer. Where the results suggested that there was no change in the household composition, a canvass communication letter summarising the registration information for the household was issued and the household was invited to only respond if there were changes at the property. Where the results indicated that changes in a household composition may have taken place, a different canvass procedure followed that required a response from the household and follow-up actions by the ERO. All properties which required a personal visit were canvassed by a member of the canvass team. The 2023 canvass saw a successful use of e-communications to over 80,000 households, saving staff resources, the issue of printed material, and ultimately, money.

For the 2023 canvass, a total of 375,443 canvass communications were issued by post, a little down compared to 398,367 canvass communications in 2022, and well below the numbers issued prior to the introduction of the reformed canvass model.

Publish revised registers by 1 December 2023

Revised registers were published on 1 December 2023 and the table below provides a summary of the last three revised registers for local government and Scottish Parliament elections. The revised registers showed a slight increase in the number of registered electors and small decrease in the number of electors with postal votes.

MANAGEMENT COMMENTARY (continued)

Revised registers	Number of electors	Number of postal voters
1 December 2021	448,607	119,213
1 December 2022	448,915	119,611
1 December 2023	452,084	117,065

During the period from 1 December 2022 to 30 November 2023, 44,696 additions and 41,601 deletions were made to the registers. During the same period, 43,082 initial invitations to register (ITRs) were issued along with 40,898 first and second reminders. Canvass staff carried out ITR visits to 9,716 properties.

Implementation of changes brought in by the Elections Act of 2022 and the review of UK Parliamentary constituencies

Prior to the publication of revised registers on 1 December 2023, the new UK constituency boundary changes were applied to our electoral management system. These new boundaries are to be used in the event of a general election, but the previous boundaries require to be retained and to be used in the event of a UK parliamentary by-election should one arise before a general election. This was a complicated project and drew on the skills of IT, technical and administration staff, working together to build knowledge and resilience for future projects.

The Elections Act 2022 introduced the UK Government's manifesto commitments on electoral integrity and the wider democratic system. During 2023/24, elements which were introduced included voter ID, the removal of time limits for the registration of overseas electors and the ability to apply online for an absent vote at UK elections. These changes have been challenging to implement and to manage but early planning and effective communication and training have been key factors in successfully integrating them into our "business as usual" workstreams.

Manage the introduction of the new two-stage non-domestic proposal and appeal system

The two-stage process involves the ratepayer setting out the details of their challenge to the valuation roll entry made by the Assessor, including an alternative valuation. The Assessor is then required to review the challenge, the "proposal", and either accept or reject the proposal or implement a different outcome, either by agreement or at his own discretion. Depending on the particular circumstances, the proposer may be able to appeal the decision to the Local Taxation Chamber of the First-tier Tribunal for Scotland. This new system has resulted in a welcome reduction in the number of "appeals" received by the Assessor following a revaluation but is still a challenging workstream for ratepayers, their representatives, and the Assessor's staff.

Carry out the first annual audit of self-catering accommodation following the amendment of the Council Tax (Dwellings) and Part Residential Subjects (Scotland) Regulations 1992

The amended regulations require that the Assessor carries out an audit of self-catering accommodation which appear in the valuation roll at the end of a financial year to determine if they met the revised definition of self-catering accommodation, particularly the requirements that the property had to be made available for let for 140 days or more in the preceding financial year and had to actually be let for 70 days. Given that Grampian had over 1,300 entries in the valuation roll, this was a challenging exercise in terms of resources. As the exercise is carried out retrospectively and the changes that are required to the valuation roll

MANAGEMENT COMMENTARY (continued)

or council tax valuation list are also implemented retrospectively, this had a significant impact on our ability to meet key performance targets.

Dispose of the remaining appeals lodged in respect of the valuation roll in force from 1 April 2017

The deadline for disposal of appeals lodged in respect of the valuation roll in force from 1 April 2017 was extended to 31 December 2024 and the First-tier Tribunal Local Taxation Chamber has a program of disposal which has proved to be quite challenging given that the number of outstanding appeals in Grampian still stands at around 3,100. However, the majority of these are material change of circumstances appeals, lodged as a result of the pandemic, and we are now seeing ratepayers withdraw these appeals in bulk without any discussions taking place with our valuers.

Maintain a complete and accurate Valuation Roll in terms of the Local Government (Scotland) Act 1975 & Maintain a complete and accurate Council Tax Valuation List in terms of the Local Government Finance Act 1992

These two priorities use quantitative target-based performance indicators rather than qualitative measures and, as achieving the targets relies partly on the timely receipt of information from the owners and occupiers of dwellings and non-domestic properties, the indicators can be misleading. Valuer vacancies have again impacted on the organisation's ability to meet the timescales suggested by the key performance indicators. The last 3 year's figures are shown in the tables below.

Valuation Roll – number of alterations made to Valuation Roll/time taken from effective date of alteration to Valuation Roll to date of issue of valuation notice

Year	< 3 months		3-6 months		> 6 months		Total Number
	Number	%	Number	%	Number	%	
2021/22	663	39.4	380	22.6	640	38.0	1,683
2022/23	527	30.4	338	19.5	867	50.1	1,732
2023/24	915	36.0	424	16.7	1,206	47.4	2,545
Target		65*		20*		15*	

Council Tax – number of dwellings entered into Valuation List/time taken from date of entry in Valuation List to date of issue of valuation notice

Year	< 3 months		3-6 months		> 6 months		Total Number
	Number	%	Number	%	Number	%	
2021/22	2,465	83.2	344	11.6	155	5.2	2,964
2022/23	1,938	71.1	623	22.9	164	6.0	2,725
2023/24	1,961	64.7	507	16.7	563	18.6	3,031
Target		94		3		3	

MANAGEMENT COMMENTARY (continued)

Despite the challenges of the year, particularly the level of valuer vacancies, the organisation has performed admirably in fulfilling its statutory requirements to maintain the Valuation Roll and the Valuation List. Although the figures in the council tax table above appears to show a negative trend in performance, the particular circumstances and challenges of each year can provide an additional narrative. As noted earlier, the self-catering audit in 2023 was resource intensive and led to retrospective alterations to the council tax valuation list and the non-domestic valuation roll. If self-catering properties were excluded from the KPI statistics for 2023/24, the figures would have been as follows;

2023/24	< 3 months		3-6 months		> 6 months		Total Number
	Number	%	Number	%	Number	%	
Valuation Roll	915	39.1	424	18.1	1,002	42.8	2,341
Council Tax	1,961	69.5	507	18.0	354	12.5	2,822

Future challenges

As always, the priority for the next year is to continue to fulfil our statutory duties across all three service strands: council tax, valuation for rating, and electoral registration.

In relation to council tax, no definite decision has been made by the Scottish Government regarding the reform of the current system, but the situation is constantly monitored by the Assessor and the management team through the Scottish Assessors Association and its Domestic Subjects Committee. The organisation will need to be ready to adapt to meet the challenges any reform might entail.

In relation to valuation for rating, preparation for the next general revaluation, the first in the new three yearly cycle, will continue alongside the disposal of the proposals lodged against entries in the valuation roll in force from 1 April 2023. The continuing level of vacancies in the valuation team make these tasks acutely challenging. The difficulty of recruiting suitably qualified professional staff is not unique to the Grampian Assessor and is seen across the surveying profession and the wider public sector. Work is, however, being undertaken to address this issue. Recruitment material has been reviewed by HR colleagues and suggested changes have been implemented. We are also liaising with colleagues at a national level to learn from the experiences of other similar organisations. In the meantime, vacancies remain advertised on our website and on other job specific sites.

In relation to electoral registration, the impact of the changes brought in by the Elections Act 2022 is still being experienced. The annual canvass will take place during summer and autumn of 2024 and may be impacted by the general election and publication of the revised registers may be delayed until February 2025. Operational agility and planning will be a key factor in delivering these outcomes.

Key performance indicators (KPI)

The organisation's code of corporate governance established a KPI reporting and three-year review regime. They seek to quantify the effectiveness of the organisation's activities in relation to the Valuation Roll of non-domestic property assessments and the Valuation List of domestic property council tax band allocations. The Assessor & ERO provides performance reports at every meeting of the Board and an annual public performance report is published

MANAGEMENT COMMENTARY (continued)

online at the end of every calendar year. Revised KPI targets for the three years from 2024/25 onwards were agreed by the Board at its January 2024 meeting. The KPI outcomes for 2023/24 are shown in the “A review of the organisation’s priorities and operations” section above.

Principal risks and uncertainties

The organisation maintains an operational and strategic risk register which is continually monitored and reviewed by the management team.

The principal risks and uncertainties relate to dynamic valuation assessment and electoral registration statutory frameworks, challenges in terms of financial resources and, particularly, securing sufficient valuation expertise to deliver our services. Cyber security is an ever-present risk and the provision of IT services by Aberdeenshire Council and the support of their IT team is a key factor in minimising the risk to the Board.

Apart from the normal control measures in terms of financial and operational planning, the Assessor & ERO and the management team continue to mitigate risk and uncertainty through partnership working through the Scottish Assessors Association (SAA) and external agencies. The Assessor & ERO is Chair of the Association’s Basic Principles Committee, Secretary to the SAA Domestic Subjects and Electoral Registration committees, and a member of the Electoral Management Board for Scotland. Together with the management team’s representation on all the SAA committees, the organisation is well placed to meet the challenges of any changes to its valuation assessment and registration functions.

Financial Performance

Revenue Expenditure

The Grampian Valuation Joint Board, at its meeting on 27 January 2023, approved the 2023/24 Revenue Budget of £5.210m (2022/23 £4.896m), an increase of 6%. The requisitions to constituent authorities were set at £5.034m (2022/23 £4.749m) with approved use of reserves of £0.176m. The core budget was set at £4.766m, with an additional £0.268m budgeted for NDR Reform.

The Joint Board receive quarterly Revenue Monitoring reports during the year in order to keep the board members fully informed as to the latest position, and projected outturn.

The actual net expenditure in 2023/24 was £4.536m (2022/23 £4.402m) resulting in an underspend of £0.674m for the year. The budgeted use of General Reserve of £0.176m is not required, thus giving an overall variance of £0.498m. Of this total, £0.037m was transferred to the NDR Reserve for future commitments, while £0.014m was transferred out of the General Fund Reserve to bring the balance back to the maximum permitted under the Board’s Reserves Policy. This balance of £0.447m is available to return to the constituent authorities.

The Comprehensive Income and Expenditure Statement shows a surplus of £0.179m on the provision of services for the year. After allowing for the reversal of statutory charges for International Accounting Standard 19 (IAS19) of (£0.113m), and depreciation totalling (£0.017m), this leaves the £0.049m transferred to the General Fund and £0.052m to the NDR Reserve.

MANAGEMENT COMMENTARY (continued)

The following table shows a summary of the figures for the main variances between budget and actual for the year to 31 March 2024. These figures are monitored and reported to the Board throughout the year, and exclude accounting adjustments related to pensions, short-term accumulating absences and depreciation. Actual under/overspends are explained in the detailed variance analysis below.

2022/23		2023/24	2023/24	2023/24
Actual		Budget	Actual	Variance
£000		£000	£000	£000
3,333	Employee Benefit Expenses	4,005	3,491	(514)
1,065	Other Service Expenses (including capital financed from current revenue (CFCR))	1,176	1,118	(58)
65	Support Service Recharges	62	69	7
(33)	Interest and Investment Income	(4)	(76)	(72)
(28)	Government Grants and other Service Income	(29)	(66)	(37)
4,402	Net (Under)/Overspend Against Budget	5,210	4,536	(674)
	Funded by:			
(4,749)	Requisitions	(5,034)	(5,034)	-
-	Approved use of Reserves	(176)	-	176
(347)	Outturn for the year	-	(498)	(498)

The main variances from budget during the year were:

- £0.514m underspend for Employee costs, largely due to staff vacancies and difficulties experienced in recruiting suitably qualified staff.
- There is an underspend of £0.058m on other service expenses, detailed below.
- Repairs and Maintenance costs are £0.011m under budget
- ICT Maintenance and Supports costs are £0.077m under budget.
- There was an overspend on postages of £0.043m due to the substantial increase in postage costs during the year.
- Printing and stationery costs had an underspend of £0.011m
- The £0.039m variance in income is mainly due to the government grant received to cover costs that will be incurred as a result of new duties placed on EROs by the Elections Act 2022.
- The £0.072m variance in interest income is mainly due to favourable interest rates during the year.
- Of the £0.037m underspend related to NDR reforms, £0.165m is within the employee costs, £0.035m on other expenditure, and without the budgeted use of the earmarked reserve of £0.0163m, this gives the underspend of £0.037m.
- Due to the underspend no use of reserves was required.

General Reserve

In setting the 2023/24 Revenue Budget, the Treasurer clarified that the cumulative balance on the uncommitted part of the General Fund should be calculated on the budget for the Joint

MANAGEMENT COMMENTARY (continued)

Board's core costs alone and exclude budgets with a separate funding stream e.g. NDR earmarked reserve for implementation of the Barclay Review.

The NDR reserve does not go by the same principles, given the nature of funding for NDR reform by the Scottish Government.

The General Reserve balance at 31 March 2024 is £0.238m with an additional £0.509m earmarked for the NDR reform Implementation.

Going Concern

The Balance Sheet at 31 March 2024 shows an excess of assets over liabilities of £1.200m (net asset of £1.151m at 31 March 2023). The North East Scotland Pension Fund is required to carry out actuarial valuations every three years. Future actuarial valuations of the North East Scotland Pension Fund will consider the appropriate employee/employer's rate to meet the commitments of the Fund and the constituent authorities of the Board are required to fund the liabilities of the Board as they fall due. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of these Annual Accounts.

Councillor Donald Gatt
Convener

Mark J Adam MRICS AEA (Cert – Scotland)
Assessor & Electoral Registration Officer

Lorraine Paisey CA
Treasurer

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

The Board's Responsibilities

The Board is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Board has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In the Valuation Joint Board, that officer is the Treasurer to the Board;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014) and the Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2021, and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government Scotland Act 2003);
- approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Board at its meeting on

Signed on behalf of the Grampian Valuation Joint Board

Councillor Donald Gatt
Convener

The Treasurer's Responsibilities

The Treasurer to the Board is responsible for the preparation of the Board's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Accounting Code).

In preparing these annual accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation;
- complied with the local authority Accounting Code (in so far as it is compatible with legislation);
- kept adequate accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Board at the reporting date and the transactions of the Board for the year ended 31 March 2024.

Lorraine Paisey CA
Treasurer

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

The Board was established in terms of The Valuation Joint Boards (Scotland) Order 1995 and is the valuation authority for Aberdeen City Council, Aberdeenshire Council and Moray Council. The Board is responsible for the provision of valuation assessment services for local taxation purposes. Through an agreement to share services, the Board also provides electoral registration services for the same three constituent authorities.

The Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must ensure that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Board is considered to be a local authority in terms of the Local Government etc. (Scotland) Act 1994 and has a duty to deliver continuous improvement as set out in the Local Government in Scotland Act 2003. In discharging this overall responsibility, the Board is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its valuation and registration functions. This includes arrangements for the management of risk.

Responsibility for delivery - members and officers

In terms of the above Order, the Board membership comprises 6 members appointed by Aberdeen City Council, 6 members appointed by Aberdeenshire Council and 3 members appointed by Moray Council.

To fulfil its operational role, the Board is responsible for the appointment of an Assessor, and deposes as appropriate, in terms of section 27 of the Local Government etc. (Scotland) Act 1994. In practice the Assessor and Deputies manage the provision of valuation assessment and electoral registration services on a day-to-day basis, with the Board providing resources, a governance framework and a monitoring regime for financial and operational performance.

The Assessor is also appointed as the Electoral Registration Officer (ERO) for the Board's three constituent authorities. This too is a statutory position with the ERO and Deputies appointed in terms of section 8 of the Representation of the People Act 1983.

The Board has approved and adopted a local code of corporate governance that is reviewed biennially and is available at www.grampian-vjb.gov.uk

The purpose of the governance framework

The governance framework comprises the systems, processes, cultures and values by which the Board is directed and controlled, and the activities used to engage with the community. It enables the Board to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective valuation assessment and registration services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level, and provide reasonable, but not absolute, assurance that the statutory requirements of the Assessor and ERO are met and policies, aims and objectives can be delivered. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

ANNUAL GOVERNANCE STATEMENT (continued)

The governance framework

The key elements of the systems and processes that comprise the Board's governance arrangements are described in terms of the seven principles of good governance defined in the framework and summarised as follows:

Governance Principle 1 - behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

The Board's code of conduct provides a clear standard in terms of conduct and behaviour, as does the Board's personnel related policies that deal with mainstreaming equalities into the fabric of the organisation, dignity of the individual, whistleblowing, special leave and personal development. These policies go beyond behavioural matters and reflect the positive approach to workforce development to the extent that career development schemes are in place across all three service strands: non-domestic property valuation assessment, domestic property valuation assessment and electoral registration. As such, career pathways are available to almost all staff.

In order to avoid duplication, the Board relies on the registers of interests and gifts maintained by the relevant constituent authorities for elected members. A register of interests has been established for all employees and a register of gifts is also maintained. The Assessor & ERO and Deputies are bound by the policies of the Board and must also adhere to the professional standards regime set by the Royal Institution of Chartered Surveyors (RICS).

Issues relating to actions taken or not taken by officials can be addressed through the organisation's complaints handling procedure. This procedure was updated in 2021 following the revision of the national Complaints Handling Procedures (CHP) scheme by the Scottish Public Services Ombudsman.

The organisation maintained its commitment to combatting fraud during the year by assisting with the National Fraud Initiative. The Assessor & ERO also works closely with the Electoral Commission, the Electoral Management Board and Police Scotland. If necessary, suspected fraudulent registration or absent vote applications are referred to the Police Scotland single point of contact.

Governance Principle 2 - ensuring openness and comprehensive stakeholder engagement.

The Board's decision-making processes are well established with decisions concerning finance, performance and governance being taken by the Board. Standing orders and regulations govern how decisions are made and appropriate legal, financial and other professional advice is considered as part of the decision-making process.

At an operational level, stakeholder involvement falls within the domain of the Assessor & ERO.

The ERO and the Principal Admin Officer now attend regular meetings with other ERO colleagues and the Electoral Commission as part of an electoral registration communications and outreach network. One of the principal aims in attending these meetings is to develop best practice in how to engage with underrepresented groups, put relevant information into the consciousness of electors and to learn from the experiences of others. The introduction of Voter ID has been a focus for the ERO this year as it will be required at the forthcoming general election.

The online voting information page on the Board's website continues to be updated so users can easily access information or application forms for the service or action that they require.

ANNUAL GOVERNANCE STATEMENT (continued)

This was particularly important during 2023/24 due to the changes brought in by the Elections Act 2022.

The Board's performance management framework is reviewed regularly to drive continuous improvement and ensure effective monitoring of progress and outcomes against stated objectives. Reporting arrangements include regular updates to the Board, the Electoral Commission, the Electoral Management Board, the Cabinet Office, the Scottish Government, and online publication of annual performance reports.

Protocols are in place to meet requests made under the Freedom of Information Act and, through the Scottish Assessors' Association, Assessors have established procedures to improve the response standards where common requests for information are made.

As part of the Equalities mainstreaming regime, progress has been made towards capturing service user feedback that will inform future service design and delivery.

Governance Principle 3 - defining outcomes in terms of sustainable economic, social and environmental benefits.

The Board, being focussed around delivery of specialised valuation and electoral registration services has a limited role to play in the wider community planning aspects anticipated by the governance framework set out by CIPFA/Solace. The Board is therefore conscious of the need to ensure that its mode of operation and the delivery of the valuation and registration services reflect the responsibilities towards the communities in Grampian in terms of devolved service delivery models that support the sustainability of communities across the whole region and minimise natural resource demands. In terms of the two specialised services the Board delivers, they are foundation stones to local government and democracy at local, national and international levels, as they provide the means to raise local taxation and to conduct elections/referendums.

Operational outcomes for these services are essentially driven by statute and it is pertinent to this governance principle to note that legislation has now been laid to reform local taxation¹ and electoral registration² and thus improve sustainability and economic and social benefits.

The implementation of local taxation reform has continued to be the subject of scrutiny during the last year and, through the work of the various committees of the Scottish Assessors Association, the Assessor and his team have continued to work with other stakeholders to ensure that the new system is implemented at a local and national level and is sustainable and effective. A dedicated information gathering team and regime is in place for the three yearly revaluations of non-domestic properties.

Electoral registration officers, through the SAA Electoral Registration Committee, were represented on various groups involved in the development and implementation of the Elections Act 2022.

Governance Principle 4 - determining the interventions necessary to optimise the achievement of intended outcomes.

As a specialised outcome-orientated organisation, our activities of producing, maintaining, and defending Valuation Rolls, Valuation Lists and Electoral Registers essentially drive the organisation's agenda. The Board and the Assessor & ERO recognise the financial challenges they face and through established reporting arrangements ensure that Board members have full detail of resource inputs and performance outputs. Regular and detailed financial reports

¹ [Non-Domestic Rates \(Scotland\) Act 2020 \(legislation.gov.uk\)](https://legislation.gov.uk)

² [Elections Act 2022 \(leislation.gov.uk\)](https://legislation.gov.uk)

ANNUAL GOVERNANCE STATEMENT (continued)

are made available to the Board and the outcomes for the organisation that are essentially driven by statute, are monitored in terms of performance.

The Management Team focus on these outcomes and work closely with internal and external colleagues to innovate and optimise them. Innovation and agility is a fundamental requirement to maintain service delivery, particularly due to changes in legislation, vacancies and the number of colleagues working on a hybrid home/office basis.

Governance Principle 5 - developing the entity's capacity, including the capability of its leadership and the individuals within it.

Roles of elected members and officers are clearly defined and constructive working relationships are achieved to ensure clear relationships between the Board, the Assessor and ERO, corporate stakeholders and the public.

Standing orders regulate the form and content of board meetings and the Board's financial regulations provide a framework for financial decisions. Performance reports are made at each board meeting and the Board's key performance indicators are subject to regular periodic review.

As part of its commitment to lifelong learning and to foster a personal development culture and seek to retain personnel, the organisation operates an internal recruitment procedure that encourages personal development and ultimately improve leadership capacity.

New employees receive induction training on arrival and in the majority of cases are able to participate in a career grade development scheme that seeks to promote personal and professional development. Surveyors, who are members of the Royal Institution of Chartered Surveyors (RICS), are subject to additional compulsory continuing professional development training that is monitored by the RICS.

The organisation's training officer is responsible for monitoring training provision and recording progress. The training officer is also responsible for identifying appropriate training opportunities.

All colleagues who put themselves forward for the Association of Electoral Administrators Certificate in Electoral Administration in 2022 passed the examination and were awarded the certificate, a considerable achievement given the workloads throughout the year. A member of the management team is undergoing the certificate course in 2024, another welcome development which ensures the organisation has a more qualified and knowledgeable workforce in a very specialised field.

Functions and roles of statutory posts including the Clerk, Treasurer and Assessor & ERO are clearly defined and the postholders work closely together to achieve the objectives of the organisation.

Governance Principle 6 - managing risks and performance through robust internal control and strong public financial management.

The Board's decision-making process is well established with governance, finance and performance issues being reported at board meetings that take place in public (unless exempt under statutory provision) and the board reports are published online and made available to the media. Rules and procedures govern how decisions are made and appropriate legal, financial and other professional advice is considered as part of the decision-making process. Scrutiny is secured through internal and external audit.

ANNUAL GOVERNANCE STATEMENT (continued)

Decisions of the Assessor & ERO are subject to public scrutiny, scrutiny via appeal and complaint processes to the respective judicial bodies and external stakeholders that monitor performance such as the Electoral Commission and the Electoral Management Board for Scotland. In addition, the Scottish Assessors' website at saa.gov.uk provides practice notes that provide details on how rateable values are determined and allows individual taxpayers to look up the assessment of every non-domestic and domestic property in Scotland and the valuations of an increasing number of different subject types.

The Board and the Assessor & ERO reported on performance to the Electoral Commission, the Cabinet Office, the Scottish Government and the Scottish Information Commissioner during 2023/24.

Risk management is a fundamental part of the organisation's decision-making process and as such is a standing item on the Assessor & ERO's management team agenda, with the Board reviewing the risk register on an annual basis.

To control and mitigate against risk, the Board's system of internal control is based on a framework of financial regulations that are revised and updated periodically and supplemented by regular management information, administrative procedures, management supervision and a code of corporate governance. Establishing and maintaining an effective system of internal control is a management function. The Board, through its consideration of reports by internal and external auditors, monitors the effectiveness of internal control procedures.

Policies to combat fraud, theft, bribery and corruption are in place, not only in order to protect public finance, but also to ensure the veracity of the statutory rolls, lists and registers that the Assessor & ERO is required to provide. The Assessor and ERO has direct contact with Police Scotland at a local and national level through an allocated Single Point of Contact, the SAA and the Electoral Management Board for Scotland. IT resilience and effectiveness continued to be improved during 2023/24. Close collaboration with Aberdeenshire Council's IT team has seen them taking responsibility for managing the Board's IT infrastructure and providing IT support to users.

A performance management system is in place which calls for reporting of established performance measures to the Board at quarterly intervals throughout the year. An annual Public Performance Report is also published.

The Board's governance arrangements have been developed and maintained to comply with the core functions of various good framework guidelines including Code of Practice on Managing the Risk of Fraud and Corruption, Public Sector Internal Audit Standards (incorporating the principles of the Role of the Head of Internal Audit), Audit Committees: Practical Guidance for Local Authorities and Police, etc.

Strong financial management procedures are secured through the work of the Treasurer appointed in terms of s95 of the Local Government (Scotland) Act 1973. This officer provides advice to the Board and the Assessor & ERO on all financial matters and ensures the timely production and reporting of budget estimates, budget monitoring reports and annual accounts.

Governance Principle 7 - implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Board business is conducted through an established cycle of quarterly meetings. These meetings were held in hybrid form during 2023/24 with some members attending in person and others attending via a video link. Meeting dates are published in advance and reports follow a corporate style and include: the purpose of the report, information relevant to the matter under consideration, a conclusion and recommendations. Minutes of meetings are

ANNUAL GOVERNANCE STATEMENT (continued)

prepared by a member of Moray Council's Committee Services team on behalf of the Clerk to the Board and are made available on Moray Council's website with links also available via the Board's website.

Information is disseminated in many forms and targeted at different audiences for different purposes, ranging from statutory returns that follow prescribed layouts, through to media releases and presentations which may be focussed on specific groups of service users. The organisation's website is regularly updated with news items to ensure that the Grampian community is kept up to date with pertinent information.

Assurance and accountability oversight is a key role for the Board which comprises members from a variety of political backgrounds. The Board receives reports on the work of the internal auditor and the external auditor placing particular focus on recommendations arising from audit work and on the corrective actions proposed by the officials of the Board.

Review of effectiveness of governance arrangements

The review of effectiveness of the governance framework including the system of internal control is pursued throughout the year by various means involving:

- **The Board**

In practice, governance arrangements are monitored over the year with Board meetings taking place four times during each year. The Board consists of members from each of the three councils and from across the political spectrum and considers reports on financial and operational performance and governance matters. It also examines the annual public performance and audit reports.

- **The management team**

The management team which has overall responsibility for good governance arrangements, currently comprises the Assessor & ERO, two Depute Assessors & EROs, four Assistant Assessors and the Principal Admin Officer.

- **The Assessor and ERO**

The Assessor & ERO has the statutory responsibility for the Valuation Rolls, Valuation Lists and Electoral Registers. The Assessor is essentially the chief executive for the organisation and has a wide range of financial, personnel, governance and reporting responsibilities.

- **The Treasurer**

The Treasurer has statutory responsibility for the Board's financial affairs in terms of Section 95 of the Local Government (Scotland) Act 1973. This officer provides relevant financial advice and support to the Assessor and ERO and elected members at meetings of the Board and otherwise as required. The Board's financial management arrangements generally conform to the governance requirements of the CIPFA statement on the role of the chief financial officer, and whilst the Treasurer is not a member of the management team, she is actively involved in, and is able to influence, decision-making processes.

The Treasurer is responsible for ensuring that an effective system of internal financial control is maintained. The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties),

ANNUAL GOVERNANCE STATEMENT (continued)

management supervision and a system of delegation and accountability. The system includes comprehensive budget setting and monitoring arrangements and the preparation of regular financial reports indicating actual expenditure against forecasts that are reported at each board meeting.

- **Internal Audit**

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Board on the control environment comprising risk management, internal control, and governance by evaluating its effectiveness in achieving the organisation's objectives.

It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

Responsibility for the delivery of the Internal Audit Service is provided by the Audit and Risk Manager of the Moray Council. The Audit and Risk Manager provides the Board with independent assurance on risk management, governance and internal control in line with the Public Sector Internal Audit Standards.

Internal Audit informs the effectiveness of the financial control environment as an element of the Board's governance arrangements. For 2023/24 Internal Audit reviewed budget setting and monitoring, payroll costs which utilise a major element of the budget, non-payroll expenditure covering issues including office rentals and ICT costs, and assessment of income received. No issues were noted from this testing.

It is the opinion of the Audit and Risk Manager, based on audit work completed, that reasonable assurance can be placed on the adequacy of and effectiveness of the system of internal financial control for the year ended 31 March 2024.

- **External Agencies**

In addition to the various internal review processes and the financial audit referred to above, there are a number of bodies that the organisation is required to report to/submit governance arrangement for approval. The Scottish Information Commissioner collects data on requests and responses under Freedom of Information and Environmental Information legislation and will intervene where it considers enforcement action is required. The Keeper of Records reviews and approves records management arrangements.

The way the organisation delivers its valuation and registration services is also subject to scrutiny by external agencies, with the valuation assessment aspect reported to the Scottish Government and subject to a case-by-case scrutiny on appeal and the Electoral Commission and Electoral Management Board reviewing and reporting on the performance of the ERO.

Significant governance issues

Securing good governance continues to be of prime importance to elected members, senior officials of the Board and members of the management team. It is a significant task, particularly at a time when budgets remain under significant pressure and major changes such as NDR and electoral reform are being implemented.

In the 2022/23 governance statement, the key challenges facing the organisation for 2023/24 were to:

- Continue to upgrade our operational capacity in terms of workforce, processes and IT systems to meet the challenges of moving to a 3-yearly revaluation cycle.

ANNUAL GOVERNANCE STATEMENT (continued)

- Upgrade systems and working practices to deal with the new 2 stage proposal and appeal system which came into force on 1 April 2023.
- Continue the work to improve and streamline our governance arrangements, progress equalities mainstreaming and performance monitoring and complete the work to widen our existing customer consultation framework.
- Continue the work to maximise the effectiveness of the electoral registration system in order to capitalise upon information sources and to enhance and develop the online voting information pages of our website to streamline voter contact and engagement.
- Manage the resources that will be required to manage the changes brought in by the Elections Act 2022 and the Boundary Commission with particular regard to preparation for the next UK Parliamentary General Election (date unknown).
- Continue to manage the resourcing required to ensure that this organisation meets all statutory commitments. In particular, there is a requirement to tackle significant levels of vacancy in the valuation team.

We successfully met all operational demands and continued with a hybrid home/office approach to working.

Recruitment for administrative and technical posts was successful but remained challenging in relation to suitably qualified valuation staff. A welcome and notable exception was the appointment of an experienced chartered surveyor into the post of Assistant Assessor. We continue to work with HR colleagues and other Assessors to find ways to address this particular recruitment issue.

This year has seen many legislative changes which have required the design, creation and implementation of a range of new systems and procedures. These have included the development of a new IT application to deal with the transition to the new 2-stage proposal and appeals process, the adjustment to the demands of postal vote divergence, the introduction of voter ID and the preparation for the forthcoming General Election. We continue to monitor and develop our IT applications and processes to assist staff and other stakeholders as the need and opportunity arises.

The migration of our IT systems to Aberdeenshire Council infrastructure has been successful and is expected to be completed in the second quarter of 2024/25. This migration provides the Board with additional resilience and support and gives staff access to a range of other services, including training and learning opportunities in a range of topics from IT skills to management and governance matters.

We made more use of e-communications when carrying out the annual canvass in connection with the register of electors, saving staff resources and, ultimately, making financial savings to the Board. We intend to make more use of these options during the next financial year.

The variation and rescheduling of the demands on the organisation do challenge resource management but close monitoring, management and reporting along with a degree of flexibility ensures that appropriate resourcing is in place and that all commitments are met.

ANNUAL GOVERNANCE STATEMENT (continued)

Looking ahead, the key challenges for 2024/25 are:

- Continue to upgrade our operational capacity in terms of workforce, processes and IT systems to meet the challenges of the 3-yearly revaluation cycle and the 2 stage proposal and appeal system.
- Continue the work to improve our governance arrangements, progress equalities mainstreaming and performance monitoring and complete the work to widen our customer consultation framework.
- Continue the work to utilise the full functionality of the electoral management system and online resources to improve registration levels and engagement with electors.
- Continue to manage resources to ensure that the organisation meets all statutory commitments. In particular, there is still a requirement to tackle the level of vacancies in the valuation team.

Despite the key challenges noted above, no significant governance issues have been identified.

Concluding Remarks

In our respective roles as Convener of the Board and Assessor & ERO, we are committed to good governance and recognise the contribution it makes to securing delivery of service outcomes in an effective and efficient manner. This annual governance statement summarises current governance arrangements, provides evidence of progress and affirms our commitment to ensuring that the Board's governance framework is responsive to the dynamic and challenging environment in which we serve. During the financial year to 31 March 2024 and to the date of this statement, no significant control weaknesses or issues have arisen and no significant failures have been identified in the expected standards for good governance, risk management and control.

Councillor Donald Gatt
Convener

Mark J Adam MRICS AEA (Cert - Scotland)
Assessor & Electoral Registration Officer

REMUNERATION REPORT

This report has been written to provide details of the Grampian Valuation Joint Board's remuneration arrangements for its senior councillors and senior employees. This is required under the Local Authority Accounts (Scotland) Regulations 2014.

All information disclosed in the tables 1 to 6 in this Remuneration Report is audited by the external auditors, Grant Thornton UK LLP. The other sections of the Remuneration Report are reviewed by Grant Thornton UK LLP to ensure that they are consistent with the financial statements.

Remuneration of Councillors, Senior Councillors, Convener and Depute Convener

The remuneration of councillors is regulated by The Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2022 (SSI No. 2022/18). These regulations set out the amounts a councillor may be paid for being a Convener or Depute Convener of a Joint Board. This is inclusive of any amounts payable to them as either a councillor or senior councillor of their own Local Authority.

The Board consists of 15 members comprising 6 from Aberdeen City Council, 6 from Aberdeenshire Council and 3 from Moray Council. The local authority of which the Convener or Depute Convener is a member pays the remuneration appropriate to the member's work with the Joint Board. Conveners receive a remuneration which when added to their existing remuneration as a Councillor/Senior Councillor equals 75 percent of the Leader of a "Band A" council, i.e. £25,128 per annum. The Depute Convener's remuneration is calculated on the basis of the basic salary plus 75 percent of the difference between the basic salary and the Convener's salary, i.e. £23,872 per annum. These rates are effective for the year ending 31 March 2024.

The Board has an arrangement with each Council which remunerates the Convener and Depute Convener/s to reimburse the Council for the additional costs of that councillor arising from them being a Convener or Depute Convener of the Board.

Councillor Gatt was elected as Convener of the Grampian Valuation Joint Board on 26 August 2022. From this date Councillor Gatt has received a Special Responsibility Allowance for his role as Convener and the Board reimburses Moray Council for the additional cost.

Councillor Davidson of Aberdeenshire Council was elected Vice Convener on 26 August 2022. Councillor Davidson already receives a Special Responsibility Allowance for duties within the Council which are paid for in full by Aberdeenshire Council and will be included in their remuneration report. Therefore no reimbursement is due by the Board.

All other Councillors' expenses are paid directly by the authority that they serve and will also be included in the individual authority's remuneration report.

Remuneration of Senior Councillors, Convener and Depute Convener (Table 1)

Councillor Name and Responsibility	Total Remuneration 2022/23	Salary, fees and allowances 2023/24	Total Remuneration 2023/24
	£	£	£
Councillor Gatt Convener	2,935	4,818	4,818
Councillor Comrie Depute Convener (until 5 May 2022)	355	-	-
Total	3,290	4,818	4,818

No taxable expenses were paid in 2023/24 or in 2022/23.

Remuneration of Councillors (Table 2)

Grampian Valuation Joint Board paid the following salaries, allowances and expenses for all councillors (including senior councillors) during the year. It includes expenses met directly by the Board and expenses reimbursed to Councillors.

Type of Remuneration	2022/23	2023/24
	£	£
Salaries	3,290	4,818
TOTAL	3,290	4,818

Remuneration of Senior Employees

The Local Authority Accounts (Scotland) Amendment Regulations 2014 require remuneration information to be disclosed for senior employees as defined below:

- i. A person who has responsibility for the management of a local authority to the extent that the person has power to direct or control the major activities of the authority whether solely or collectively with other persons.
- ii. A person 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.
- iii. A person whose annual remuneration, including any annual remuneration from a local authority subsidiary body is £150,000 or more.

These regulations apply equally to Joint Boards and remuneration disclosure is therefore required for the Assessor and Electoral Registration Officer (ERO) and two Depute Assessor and Depute Electoral Registration Officers who are deemed to be senior employees for the Grampian Valuation Joint Board. Details are shown on Table 3 below.

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) sets the terms and conditions and pay bandings for senior employees but remuneration levels and pay scales are set locally and were last agreed by the Board on 23 January 2004.

Remuneration of Senior Employees of the Board (Table 3)

Name and Post Title	Total Remuneration 2022/23	Salary, fees and allowances 2023/24	Taxable Expenses 2023/24	Total Remuneration 2023/24
	£		£	£
Mark Adam Assessor & ERO	122,674	129,215	822	130,037
Gavin Oag Depute Assessor & ERO	96,372	101,359	1,337	102,696
Jim Barron Depute Assessor & ERO	87,797	91,958	1,296	93,254
TOTAL	306,843	322,532	3,455	325,987

The Treasurer and the Clerk to the Board do not receive remuneration from the Valuation Joint Board. The duties of the posts are covered by the post holders' substantive posts in Moray Council. Details of their salaries are included in the remuneration report for Moray Council.

Pension Benefits

Pension benefits for Councillors and Local Government employees are provided through the North East Scotland Pension Fund, a Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. For benefits earned up to 31 March 2024, the councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day in the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the year of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

The Board pay a contribution to the Pension Fund for the Convener and Depute Convener's pensions if they are members of the scheme and this is based on a percentage of the cost of the Special Responsibility Allowance. Details are shown on Table 4 below.

For local government employees, up until 31 March 2015 pension benefits accrued are based on final salary. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. Benefits earned from 1 April 2015 are based on 'career average'. The scheme's normal retirement age for both councillors and employees is 65 for benefits up to 31 March 2015 and the State Pension Age for benefits built up after 1 April 2015.

From 1 April 2009, a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees. The members' contribution rates for 2022/23 remain at the 2009/2010 rates although the pay bandings have been adjusted. The tiers and contribution rates are shown below.

Tiered Contribution Pay Rates

Pensionable pay 2022-23	Rate (%) 2022/23	Pensionable pay 2023-24	Rate (%) 2023/24
On earnings up to and including £23,000	5.50%	On earnings up to and including £25,300	5.50%
On earnings above £23,001 and up to £28,100	7.25%	On earnings above £25,301 and up to £31,000	7.25%
On earnings above £28,101 and up to £38,600	8.50%	On earnings above £31,001 and up to £42,500	8.50%
On earnings above £38,601 and up to £51,400	9.50%	On earnings above £42,501 and up to £56,600	9.50%
On earnings above £51,401	12.00%	On earnings above £56,601	12.00%

Pension Benefits (continued)

If a person works part-time, their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) some pension for a lump sum up to the limit set by the Finance Act 2004. Up until 31 March 2015, the accrual rate guarantees a pension based on 1/60th of the final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of the final pensionable salary and years of pensionable service). From 1 April 2015, the accrual rate guarantees a pension of 1/49th of pensionable pay for each year. At the end of each year the benefits are revalued and increased by inflation.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their local government service, and not just their current appointment.

Senior Councillors (Table 4)

	For the year to 31 March 2023	For the year to 31 March 2024
	£	£
Councillor Gatt Convener	566	930
Councillor Cormie Depute Convener (until 5 May 2022)	64	-
Total	630	930

The above amounts show the in-year contributions relating to the Special Responsibility Allowance shown in Table 1.

Senior Employees (Table 5)

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

Pension Benefits (continued)

	In-year pension contributions			Accrued pension benefits	
	For the year to 31 March 2023	For the year to 31 March 2024		As at 31 March 2024	Difference from March 2023
	£	£		£	£
Mark Adam Assessor & ERO	23,490	24,911	Pension	69,770	7,035
			Lump Sum	113,262	6,461
Gavin Oag Depute Assessor & ERO	18,423	19,537	Pension	53,282	5,567
			Lump Sum	73,166	4,174
Jim Barron Depute Assessor & ERO	16,760	17,721	Pension	43,172	4,557
			Lump Sum	60,721	3,289
Total	58,673	62,169		413,373	31,083

All senior employees shown in the tables above are members of the North East Scotland Pension Fund. 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.

General Disclosure by Pay Band

The Regulations require information to be provided for the number of persons whose remuneration is £50,000 or more. This information is disclosed in bands of £5,000 and is shown below.

General Disclosure by Pay Band (Table 6)

The Table includes the remuneration of the senior employees detailed in Table 3.

Pension Benefits (continued)

Remuneration Band	Number of Employees	
	2022-23	2023-24
£50,000 - £54,999	1	-
£55,000 - £59,999	4	3
£60,000 - £64,999	2	-
£65,000 - £69,999	1	3
£85,000 - £89,999	1	-
£90,000 - £94,999		1
£95,000 - 99,999	1	-
£100,000 - £104,999	-	1
£120,000 - £124,999	1	-
£130,000 - £134,999	-	1
	<hr/>	<hr/>
	11	9

Councillor Donald Gatt
Convener

Mark J Adam MRICS AEA (Cert - Scotland)
Assessor & Electoral Registration Officer

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. This differs from the expenditure to be funded from the requisitions raised by the Board from the three constituent Local Authorities in accordance with statute. The effect on the General Fund is shown in the Movement in Reserves Statement and Note 7 Expenditure and Funding Analysis and Adjustments between Accounting Basis and Funding Basis under Regulations.

		2022/23				2023/24		
	£000	£000	£000			£000	£000	
	Expenditure	Income	Net	Note	Expenditure	Income	Net	
	4,922	(28)	4,894	Rating and Council Tax Valuation and Electoral Registration		4,556	(66)	4,490
	4,922	(28)	4,894	Cost Of Services		4,556	(66)	4,490
6		(33)	(27)	Financing and Investment Income and Expenditure	10	(6)	(76)	(82)
			(4,471)	Requisitions and Non-Specific Grant Income	20			(4,587)
			396	(Surplus)/Deficit on Provision of Services	8			(179)
				Deficit on revaluation of PPE	11			17
			(783)	Remeasurement of the Net Defined Benefit Liability	23			113
			(783)	Other Comprehensive (Income) and Expenditure				130
			(387)	Total Comprehensive (Income) and Expenditure				(49)

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

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 Statement shows how the movements in the year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable against requisitions for the year. The Increase or Decrease line shows the statutory General Fund movements in the year.

2023/24	General Fund £000	Total Usable Reserves £000	Unusable Reserves (Note 17) £000	Total Board Reserves £000
Balance at 31 March 2023	696	696	455	1,151
Total Comprehensive Income and Expenditure	179	179	(130)	49
Adjustments to usable reserves permitted by accounting standards	5	5	(5)	-
Adjustments between accounting basis & funding basis under regulations (Note 7)	(133)	(133)	133	-
Increase / (Decrease) in Year	51	51	(2)	49
Balance at 31 March 2024	747	747	453	1,200
2022/23	General Fund £000	Total Usable Reserves £000	Unusable Reserves (Note 17) £000	Total Board Reserves £000
Balance at 31 March 2022	627	627	137	764
Total Comprehensive Income and Expenditure	(396)	(396)	783	387
Adjustments to usable reserves permitted by accounting standards	5	5	(5)	-
Adjustments between accounting basis & funding basis under regulations (Note 7)	460	460	(460)	-
Increase / (Decrease) in Year	69	69	318	387
Balance at 31 March 2023	696	696	455	1,151

BALANCE SHEET AS AT 31 MARCH 2024

The Balance Sheet shows the value as at the Balance Sheet date of assets and liabilities recognised by the Board. The net assets of the Board (assets less liabilities) are matched by the reserves held by the Board.

31 March 2023		31 March 2024
£000	Note	£000
696	Property, Plant & Equipment	680
696	Long Term Assets	680
85	Short Term Debtors	38
1,205	Cash and Cash Equivalents	1,463
1,290	Current Assets	1,501
(705)	Short Term Creditors	(817)
(705)	Current Liabilities	(817)
(130)	Unfunded Pension Liability	(164)
(130)	Long Term Liabilities	(164)
1,151	Net Assets	1,200
	Usable reserves	
224	General Fund	238
472	Earmarked NDR Reform Reserve	509
696	Total	747
	Unusable Reserves	
242	Revaluation Reserve	220
453	Capital Adjustment Account	459
(130)	Pensions Reserve	(164)
(110)	Employee Statutory Adjustment Account	(62)
455	Total	453
1,151	Total Reserves	1,200

The notes on Pages 31 to 57 form part of the Financial Statements.

Lorraine Paisey CA
Treasurer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

The Cash Flow statement shows the changes in cash and cash equivalents of the Board during the financial year. The statement shows how the Board generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Board are funded by way of requisition and grant income or from the recipients of services provided by the Board. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Board's future service delivery, i.e. assets.

31/03/2023		31/03/2024
£000		£000
(396)	Net surplus/(deficit) on the provision of services	179
221	Adjust net deficit on the provision of services for non cash movements (Note 19)	79
<u>(175)</u>	Net cash flows from Operating Activities	<u>258</u>
	- Investing Activities	-
<u>(175)</u>	Net increase/(decrease) in cash and cash equivalents	<u>258</u>
1,380	Cash and cash equivalents at the beginning of the financial year	1,205
<u>1,205</u>	Cash and cash equivalents at the end of the financial year	<u>1,463</u>

NOTES TO THE ACCOUNTS

Note 1 Accounting Policies

1 General Principles

The Annual Accounts summarise the Board's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 requires to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and the Service Reporting Code of Practice 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. The principal accounting policies have been applied consistently throughout the year. The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of property, plant and equipment.

2 Accruals of Income and Expenditure

Income and expenditure are accounted for in the year in which they take place, not simply when cash payments are made or received. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where the debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3 Charges to Revenue for Non-Current Assets

The service is charged with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

4 Requisitions and Contributions

Requisitions and contributions relating to capital and revenue expenditure are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition(s) (as opposed to restrictions) that the Board has not satisfied.

5 Cash and Cash Equivalents

The Board uses Moray Council's bank account for financial transactions and the balance is invested in the Council's Loans Fund. This balance is repayable on demand and therefore treated as a cash equivalent and is included in the Balance Sheet at amortised cost, which equates to the actual cash value at 31 March 2024. Interest is received from Moray Council on the balance held.

Note 1 (continued)

6 Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Board. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

7 Termination Benefits

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 an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis in the Comprehensive Income and Expenditure Statement at the earlier of when the Board can no longer withdraw the offer of those benefits or when the Board recognises costs for a restructuring.

8 Going Concern

The Annual Accounts have been prepared on a going concern basis. As at 31 March 2024, the Balance Sheet of the Board shows a net asset position of £1.187m.

9 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

10 Value Added Tax

VAT is included in the Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable. The net amount due to or from HM Revenue and Customs in respect of VAT is included as part of debtors or creditors.

11 Reserves

The Board sets aside specific amounts as reserves for future policy purposes. 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 to the appropriate service in that year to score against the Surplus or 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 against requisitions for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Board.

Note 2 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code requires the Council to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts. This applies to the adoption of the following new or amended standards within the 2023/24 Code:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3).
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax (Amendments to IAS 12);
- Leases (Amendments to IFRS 16)

The Code requires implementation from 1 April 2024 and there is, therefore, no impact on the 2023/24 financial statements.

The above amendments are not anticipated to have a material impact on the information provided in the financial statements.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Treasurer has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Annual Accounts are:

- Assets held at current value are revalued on a five-year basis as set out in the accounting policy for Property, Plant and Equipment. Moray Council's Asset Manager (Commercial Property), who undertakes valuations on behalf on the Board and is a qualified RICS valuer, asserts that the carrying amount does not materially differ from that which would be determined using current value. In between valuations, a review is conducted to ensure carrying value does not differ from current value.
- The Board is part of a Defined Benefit Pension Scheme. In 2023/24 there was a pension asset. In preparing the accounts the Board has applied the asset ceiling test per IFRIC 14 which states that the amounts of net pension asset that can be recognised is the lower of either the amount of the net pension asset or the present value of any economic benefits available. The liability in the Board's balance sheet is the amount following the application of this test.

Note 4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Annual Accounts contains estimated figures that are based on assumptions made by the Board about the future or that 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 2024 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Note 4 (continued)

Item	Uncertainties	Effect if Actual Results Differ From Assumptions
Property, Plant and Equipment (£0.680m)	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual buildings. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £0.003m for every year that useful lives had to be reduced.
	Assets held at fair value are revalued on a five year rolling basis by a professionally qualified Royal Institution of Chartered Surveyors (RICS) valuer, Additional valuations are carried out on an ad hoc basis outwith the tolling programme arrangements where it is deemed necessary. The valuer also assess assets not formally revalued for material movements and indexation is applied where applicable.	The estimated effect of a 1% change in the rate used for valuations would be a change up or down of £0.006m.
Pension Liability (£0.164m)	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.	The effects on the net pension liability of changes in individual assumptions can be measured and are detailed in Note 23.

Note 5 Material Items of Income and Expenditure

Where material items of income and expenditure are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the Code requires that the nature and amount of these items are disclosed in a note to the accounts. The following items are regarded as material:

Nature	2022/23	2023/24
	£000	£000
Grant income from the Scottish Government	13	53
Barclay Implementation Funding (included in requisitions)	268	268

Grant income from the Scottish Government was received to provide for the introduction of the Electoral Integrity Programme (EIP) from May 2023 across the UK. The EIP falls under the new Elections Act 2022 which contains measures such as introducing the requirement to show ID at polling stations, improving the accessibility of elections to make it easier for people with disabilities to vote, and bringing in changes to postal and proxy voting. Unspent funding in 2023/24 will be put to the earmarked reserve and used in 2024/25. The Barclay Implementation Funding was paid to the three local authorities, Aberdeen City Council, Aberdeenshire Council, and Moray Council and requisitioned in full by the Board, to implement the recommendations from the Barclay review of Non Domestic Rates. Unspent Barclay Funding in 2023/24 will be put to the earmarked reserve and used in future years.

Note 6 Events After The Reporting Period

The unaudited Annual Accounts were issued on 28 June 2024 and the audited Annual Accounts were authorised for issue on 31 January 2025 by Lorraine Paisey, Treasurer. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 7 Expenditure and Funding Analysis and Adjustments between Accounting Basis and Funding Basis under Regulations

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (requisitions and government grants) by the Board in comparison with those resources consumed by the Board in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making.

Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

31 March 2023					31 March 2024				
Net Expenditure chargeable to General Fund £000	Adjustments between Funding and Accounting Basis £000	Adjustments to usable reserves permitted by accounting standards	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure chargeable to General Fund £000	Adjustments between Funding and Accounting Basis £000	Adjustments to usable reserves permitted by accounting standards	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	
4,435	454	5	4,894	Rating and CT valuation & Electoral Registration	4,612	-	5	4,617	
4,435	454	5	4,894	Net Cost of Services	4,612	-	5	4,617	
(4,504)	6	-	(4,498)	Other Income and Expenditure	(4,663)	(6)	-	(4,669)	
(69)	460	5	396	(Surplus) or Deficit	(51)	(6)	5	(52)	
(627)				Opening Balance	(696)				
(69)				(Surplus) or Deficit	(51)				
(696)				Closing Balance	(747)				

Note 7 (continued)**Adjustments between the Funding and Accounting Basis**

				2023/24
	Adjustment for Capital Purposes £000	Net Change for pensions adjustments £000	Other Differences £000	Total £000
Rating and CT valuation & Electoral Registration	(5)	(73)	(49)	(127)
Net Cost of Services	(5)	(73)	(49)	(127)
Other Income and Expenditure	-	(6)		(6)
Difference between the General Fund Deficit and the Comprehensive Income and Expenditure Statement Deficit	(5)	(79)	(49)	(133)

				2022/23
	Adjustment for Capital Purposes £000	Net Change for pensions adjustments £000	Other Differences £000	Total £000
Rating and CT valuation & Electoral Registration	29	404	21	454
Net Cost of Services	29	404	21	454
Other Income and Expenditure	-	6		6
Difference between the General Fund Deficit and the Comprehensive Income and Expenditure Statement Deficit	29	410	21	460

Note 7 (continued)

a) Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line.

b) Net Change for the Pensions Adjustments

This column reflects the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related income and expenditure.

For the service this reflects the removal of the employer pension contributions made by the Board as allowed by statute and the replacement with current service costs and past service costs.

c) Other Differences

This column adjusts for differences between the amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable recognised under statute.

For the service this reconciles the impact of accruals for accumulating compensated absences e.g. holiday pay as required by IAS19 Employee Benefits, to the salaries actually payable in the financial year in accordance with statute.

Note 8 Expenditure and Income Analysed by Nature

The Board's expenditure and income is analysed as follows:

Expenditure and Income

	2022/23 £000	2023/24 £000
	Rating, Council Tax Valuation and Electoral Registration	Rating, Council Tax Valuation and Electoral Registration
Employee benefit expenses	3,758	3,370
Other service expenses	1,065	1,118
Support service recharges	65	69
Depreciation, amortisation and impairment	34	(1)
Interest payments	6	(6)
Total Expenditure	4,928	4,550
Requisitions	(4,471)	(4,588)
Government grants and other service income	(28)	(66)
Interest and investment income	(33)	(76)
Total Income	(4,532)	(4,729)
(Surplus)/Deficit on the provision of services	396	(179)

Note 9 Earmarked Portions of the General Fund

Portions of the General Fund are earmarked for specific purposes as described below. Underspends or overspends against budget for these activities are transferred in or out of the earmarked funds at the year end.

	General Services £000	NDR Reform £000	Total £000
Balance at 31 March 2023	224	472	696
Increase/(Decrease) 2023/24	14	37	51
Balance at 31 March 2024	238	509	747

NDR Reform

The purpose of this fund is to ring-fence funding received from constituent authorities to implement reforms from the Barclay Report which followed a review into the non-domestic rates system in Scotland. The Non-Domestic Rates (Scotland) Bill took effect from 1 April 2020.

Note 10 Financing and Investment Income and Expenditure

	2022/23 £000	2023/24 £000
Pensions interest cost/(gain) and expected return on pensions assets	6	(6)
Interest receivable and similar income	(33)	(76)
	(27)	(82)

Note 11 Property, Plant and Equipment

Recognition

All expenditure on the acquisition, creation, enhancement or replacement of an asset or part of an asset is capitalised, providing the asset yields benefit for more than one year to the Board and the services it provides and the cost can be reliably measured.

Where a component is replaced or restored, the carrying amount of the old component is derecognised and the new component reflected in the carrying amount.

Measurement

New assets are measured at cost. Cost includes the original purchase of the asset and the costs attributable to bringing the assets to its working condition for its intended use.

Note 11 (continued)

Assets are measured at current value which is Existing Use Value for Land and Buildings and Depreciated Historic Cost for Equipment and Furniture which is used as a proxy for current value.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised when an asset is disposed of or when no future economic benefits or service potential are expected from its use. The value of the asset in the Balance Sheet and any receipt is written to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

The gain or loss on disposal is not a charge against Requisitions, as the cost of non current assets is fully provided for under separate arrangements for Capital Financing. The carrying amount of the non current asset disposal is transferred to the Capital Adjustment Account and the disposal proceeds transferred to the Capital Fund and reported in the Movement in Reserves Statement.

Depreciation

Depreciation is provided for on all items of property, plant and equipment with a finite useful life by the systematic allocation of their depreciable amount over their useful lives. An exception is made for land where it can be demonstrated that it has an unlimited useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Depreciation is calculated using the straight-line method. In the year of acquisition, a full year's depreciation is provided for on all assets. In the year of disposal, no depreciation is charged.

The following useful lives and depreciation rates have been used in the calculation of depreciation:-

Other Land & Buildings - 35-60 years, land is not depreciated
Vehicles, Plant, Furniture & Equipment – 5-10 years

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised.

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

Revaluations

The Board carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current or fair value is revalued at least every five years, with an annual assessment to ensure the carrying value within the financial statements is materially accurate. The last revaluation of Land and Buildings was done with effect from 31 March 2024 and the next revaluation is scheduled during 2028/29. All valuations were carried out by Moray Council's Asset Manager (Commercial Property) in accordance with the methodologies

Note 11 (continued)

and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on depreciated historic cost as a proxy for current values.

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total Property, Plant and Equipment £000
Cost or valuation			
At 1 April 2023	696	355	1,051
Additions	-	-	-
Revaluation decreases recognised in the Revaluation Reserve	(77)	-	(77)
Revaluation increases recognised in the Provision of Services	8	-	8
At 31 March 2024	627	355	982
Accumulated Depreciation and Impairment			
At 1 April 2023	72	283	355
Depreciation charge	14	19	33
Depreciation written out to the Revaluation Reserve	(60)	-	(60)
Depreciation written out to the Provision of Services	(26)	-	(26)
at 31 March 2024	0	302	302
Net Book Value			
at 31 March 2023	624	72	696
at 31 March 2024	627	53	680
Cost or valuation			
At 1 April 2022	696	355	1,051
Additions	-	-	-
At 31 March 2023	696	355	1051
Accumulated Depreciation and Impairment			
At 1 April 2022	58	263	321
Depreciation charge	14	20	34
at 31 March 2023	72	283	355
Net Book Value			
at 31 March 2022	638	92	730
at 31 March 2023	624	72	696

Note 12 Short Term Debtors

	2022/23	2023/24
	£000	£000
Prepayments	85	38
	<u>85</u>	<u>38</u>

Note 13 Cash and Cash Equivalents

	2022/23	2023/24
	£000	£000
Temporary Investment in the Moray Council Loans Fund	1,205	1,463

Note 14 Short Term Creditors

	2022/23	2023/24
	£000	£000
Trade Payables	164	164
Other Payables ^	541	653
Total	<u>705</u>	<u>817</u>

^ Other Payables

Central Government Bodies	70	68
Short Term Employee Absences	136	82
Other Local Authorities	335	503
Other Payables	<u>541</u>	<u>653</u>

Note 15 Financial Instruments

Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Board and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Board.

Note 15 (continued)

The majority of the Board's financial liabilities held during the year are measured at amortised cost and comprised:

- Creditors for requisitions due to be returned to constituent authorities
- Trade payables for goods and services received

Financial Assets

A financial asset is a right to future economic benefits controlled by the Board that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Board. The financial assets held by the Board during the year are accounted for under the following classification:

- Amortised cost (where cash flows are solely payments of principal and interest and the business model is to collect those cash flows) comprising:
 - temporary investment in the Moray Council Loans Fund
 - trade receivables for goods and services provided

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Board.

Fair Value

For all categories of financial assets and liabilities held by the Board, there was no difference between the carrying value and the fair value at the Balance Sheet date and all are in Level 2 of the fair value hierarchy.

Financial Instruments – Balances

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

	2022/23	2023/24
	£000	£000
Short Term Creditors - Amortised Cost	164	164
Trade Payables	164	164
Other Payables	541	653
Total	<u>705</u>	<u>817</u>
Tax Creditors included above	(127)	(124)
Requisition Creditors included above	(278)	(447)
Short Term Employee Absences included above	(136)	(82)
Total Other Payables	<u>(541)</u>	<u>(653)</u>
Total Financial Liabilities Current Creditors	164	164

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

	2022/23	2023/24
	£000	£000
Temporary Investment in the Moray Council Loans Fund	1,205	1,463

Note 16 Usable Reserves

General Fund

The creation of a General Fund was introduced to provide the Assessor with some flexibility to investigate any spend-to-save projects which would require one-off expenditure in order to deliver future budget savings. The reserve also acts as a contingency for any unexpected costs in future years. Details of the earmarked reserve can be found in Note 9.

	2022/23	2023/24
Usable Reserves	£000	£000
General Fund	224	238
Earmarked NDR Reform Reserve	472	509
	696	747

Note 17 Unusable Reserves

	2022/23	2023/24
	£000	£000
Revaluation Reserve	242	220
Capital Adjustment Account	453	459
Pension Reserve	(130)	(164)
Employee Statutory Adjustment Account	(110)	(62)
	455	453

Revaluation Reserve

The Revaluation Reserve contains gains made by the Board arising from increases in the value of its Property, Plant and Equipment.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2022/23	2023/24
	£000	£000
Balance at 1 April	247	242
Revaluations	-	(17)
Difference between fair value depreciation and historical cost depreciation	(5)	(5)
Balance at 31 March	242	220

Note 17 (continued)

Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2022/23	2023/24
	£000	£000
Balance at 1 April	(89)	(110)
Settlement or cancellation of accrual made at the end of the preceding year	89	110
Amounts accrued at the end of the current year	(110)	(62)
Balance at 31 March	(110)	(62)

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 also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2022/23	2023/24
	£000	£000
Balance at 1 April	482	453
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation and impairment of non-current assets	(29)	6
Capital financing in the year:		
Use of government grant to finance new capital expenditure	-	
Capital Expenditure charged against the General Fund		
Balance 31 March	453	459

Note 17 (continued)

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 investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Board makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a 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.

Balance at 1 April	(503)	(130)
Remeasurements of the net defined benefit (liability)/asset	783	(113)
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	(912)	(458)
Employer's pensions contributions and direct payments to pensioners payable in the year	502	537
Balance at 31 March	(130)	(164)

Note 18 External Audit Costs

The agreed external audit fee for 2023/24 was £0.013m for work undertaken in accordance with the Code of Audit Practice (2022/23 £0.009m).

Note 19 Cashflow – Analysis of Net Deficit on the provision of services for non cash movements

	2022/23	2023/24
	£000	£000
Depreciation/Impairment charges	(34)	1
Pension Liability	(410)	79
Increase/(Decrease) in Debtors	(5)	(47)
Decrease in Creditors	228	(112)
	<u>(221)</u>	<u>(79)</u>

Note 20 Requisition and Grant Income

The Board credited the following requisitions to the Comprehensive Income and Expenditure Statement. The requisitions are based on population.

	2022/23	2023/24
	£000	£000
Credited to Requisitions and Non Specific Grant Income:		
Requisition from Aberdeen City Council	(1,858)	(1,952)
Requisition from Aberdeenshire Council	(2,115)	(2,255)
Requisition from Moray Council	(776)	(827)
Total	<u>(4,749)</u>	<u>(5,034)</u>
Returned to constituent authorities:		
Aberdeen City Council	108	173
Aberdeenshire Council	125	200
Moray Council	45	74
Total	<u>278</u>	<u>447</u>
Total Requisition and Grant Income	(4,471)	(4,587)

Note 21 Leases

Operating Leases – Board as Lessee

Operating lease payments are reflected in the Cost of Services heading in the Comprehensive Income and Expenditure Statement, as the rentals become payable. The Board does not have any finance leases.

The Board pays Aberdeenshire Council for the rental of their offices within Woodhill House under the terms of an operating lease. The amount paid under these terms in 2023/24 was £0.0125m (£0.125m in 2022/23).

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

	2022/23	2023/24
	£000	£000
Not later than one year	125	125
Later than one year and not later than five years	375	250
More than five years	-	-
	500	375

Note 22 Related Parties

The Board is required to disclose material transactions with related parties - bodies or individuals that have the 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.

Constituent Authorities

The constituent authorities have the potential to control or influence the Board as they provide the majority of the Board's funding. Details are shown in Note 20. The Board also made payments to the constituent authorities in the normal course of business. The amounts are detailed below

Note 22 (continued)

	2022/23 £000	2023/24 £000
Aberdeen City Council	75	61
Aberdeenshire Council	258	192
Moray Council	104	115

The amounts owed to the constituent authorities for requisitions and normal business activities at 31 March were:

Aberdeen City Council	108	173
Aberdeenshire Council	126	207
Moray Council	135	160

Members

Members of the Board have direct control over the Board's financial and operating policies. The total of members' allowances paid is shown in the Remuneration Report. There were no other material transactions with members other than the allowances shown in the Remuneration Report.

Note 23 Defined Benefit Pension Scheme

Participation in Pension Scheme

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 the employees retire, the Board has a commitment to make the payments for those benefits and must disclose them at the time that employees earn their future entitlement.

The Board participates in the North East Scotland Pension Fund (NESPF), a Local Government Pension Scheme, which is administered by Aberdeen City Council. Up until 31 March 2015 pension benefits accrued are based on final salary. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. Benefits earned from 1 April 2015 are based on career average salary. The Scheme is a funded defined benefit scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets over a period of time.

There are also arrangements in place for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due.

Note 23 (continued)

The North East Scotland Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee. The Committee is comprised of nine elected members of Aberdeen City Council. Policy is determined in accordance with the Pensions Fund Regulations. Following the introduction of The Local Government Pension Scheme (Governance) (Scotland) Regulations 2015, the Pension Fund took the opportunity to review its governance arrangements. To comply with these regulations, the Pension Fund implemented a Pension Board with representation from Unions and Employers from the 1 April 2015. With the introduction of the Pension Board, the Joint Investment Advisory Committee was disbanded.

The principal risks to the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute as described in the accounting policy note.

Transactions relating to Post-employment Benefits

In relation to the North East Scotland Pension Fund, the Board recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against requisitions is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

Note 23 (continued)**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

	2022/23	2023/24
	£000	£000
Cost of Services:		
Past Service Cost	0	0
Current Service Cost and administration expenses	906	464
Financing and Investment Income and Expenditure:		
Net Interest Expense	6	(6)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	<u>912</u>	<u>458</u>
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement.		
Remeasurement of the Net Defined Benefit Liability comprising:		
Expected return on pension fund assets	2,955	(412)
Actuarial (gain)/loss on financial assumptions	(14,114)	665
Effect of Asset Ceiling	10,376 -	140
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement.	<u>(783)</u>	<u>113</u>
 MOVEMENT IN RESERVES STATEMENT		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	912	458
Actual amount charged against requisitions for pensions in the year	<u>502</u>	<u>537</u>

Note 23 (continued)

Pensions Assets and Liabilities Recognised in the Balance Sheet

The change in the net pensions asset is analysed into the following components:

Current Service Cost: The increase in liabilities as a result of years of service earned this year.

Net Interest on the Net Defined Benefit Liability: The change during the year in the net defined benefit liability that arises from the passage of time – charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. It is the difference between the interest (increase) in the value of the liabilities as the benefits are one year closer to being paid and the interest on pension assets based on assets held at the start of the year. The calculation is based on the discount rate in force at the beginning of the year.

Remeasurements: This comprises the Return on Plan Assets (excluding amounts included in the Net Interest on the Net Defined Benefit Liability) and Actuarial Gains and Losses which are 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 – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions Paid to the Pension Fund: Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

	31 March 2023	31 March 2024
	£000	£000
Present value of the funded defined benefit obligation	(28,035)	(29,337)
Present value of the unfunded defined benefit obligation	(130)	(164)
Total present value of the defined benefit obligation	(28,165)	(29,501)
Fair value of plan assets	38,411	40,081
IFRIC 14 Asset Ceiling Adjustment	(10,376)	(10,744)
Net liability arising from defined benefit obligation	(130)	(164)

The Board has applied the asset ceiling test as prescribed by IFRIC 14 which limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.' The pension asset can be recognised as the lower of the net pension asset or the present value of any economic benefits available. The Board's actuaries undertook this assessment and the asset value in the accounts has reduced as the present value of the benefits available were lower than the pension asset. The net liability arising from the unfunded defined benefit obligation remains as there is no right to offset this.

Note 23 (continued)

The reconciliation of the Board's share of the present value of the North East Scotland Pension Fund's defined benefit liability is as follows:

	2023	2024
	£000	£000
1 April	(41,103)	(28,165)
Current Service Cost	(896)	(453)
Interest on pension liabilities	(1,138)	(1,353)
Remeasurements:		
Experience loss	(2,255)	(1,016)
Gain on financial assumptions	15,496	0
Gain on demographic assumptions	873	351
Contributions by scheme participants	(166)	(174)
Benefits Paid	1,024	1,309
Past Service Cost	0	0
	<hr/>	<hr/>
31 March	(28,165)	(29,501)

The reconciliation of the movements in the Board's share of the fair value of the North East Pension Fund's assets is as follows:

	2023	2024
	£000	£000
1 April	40,600	38,411
Interest on plan assets	1,132	1,867
Remeasurements (assets)	(2,955)	412
Administration expenses	(10)	(11)
Employer Contributions	502	537
Contributions by scheme participants	166	174
Benefits Paid	(1,024)	(1,309)
	<hr/>	<hr/>
31 March	38,411	40,081

Note 23 (continued)

The Board's share of the Pension Fund's assets is:

	31 March 2023			31 March 2024		
	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Totals £000	Quoted Prices in Active Markets £000	Prices not Quoted in Active Markets £000	Totals £000
U.K. Equities	9,426	-	9,426	5,908	-	5,908
Overseas Equities	11,981	-	11,981	17,280	-	17,280
U.K Government Bonds	2,466	-	2,466	2,236	-	2,236
Other Government Bonds	-	-	-	-	-	-
Other U.K. Bonds	-	-	-	-	-	-
Other non U.K. Bonds	-	-	-	-	-	-
Property	-	2,512	2,512	-	2,483	2,483
Private Equity	-	2,685	2,685	-	2,763	2,763
Private Debt	-	1,091	1,091	-	863	863
Private Equity Infrastructure	-	2,036	2,036	-	3,022	3,022
Infrastructure Pooled fund	818	-	818	621	-	621
Private Equity Real Estate	-	672	672	-	576	576
Multi Asset Credit	-	3,230	3,230	-	3,244	3,244
Diversified Growth Funds	-	-	-	-	-	-
Cash Instruments	-	1,494	1,494	-	1,085	1,085
Total Assets	24,691	13,720	38,411	26,045	14,036	40,081

Basis for Estimating Assets and Liabilities

The most recent valuation was carried out as at 31 March 2023 and has been updated by Mercer Limited, independent actuaries to the North East Scotland Pension Fund, in order to assess the liabilities of the Fund as at 31 March 2024. Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The principal assumptions used by the actuary have been:

Note 23 (continued)

	31 March 2023	31 March 2024
Financial assumptions:		
Discount rate	4.90%	4.90%
Rate of increase in salaries	4.20%	4.20%
Rate of increase in pensions	2.80%	2.80%
Rate of CPI inflation	2.70%	2.70%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21	20.7
Women	23.4	23.0
Longevity at 65 for future pensioners:		
Men	22.4	22.0
Women	25.4	24.8

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, and assume for each change that the assumption analysed changes while all the other assumptions remain constant. The assumption in longevity, for example, assumes that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

The effects of a 0.1% increase/decrease in the rate for discounting scheme liabilities, the rate of inflation, and the rate of increase in salaries, a 1 year increase/decrease in life expectancy, and a +/-1% change in the 2023/24 investment returns, are shown in the table below:

Note 23 (continued)

Sensitivity Analysis as at 31 March 2024

	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4	Sensitivity 5	
		+ 0.1% p.a. discount rate	+ 0.1% p.a. inflation	+ 0.1% p.a. pay growth	1 year increase in life expectancy	+1% change in 2023/24 investment returns	-1% change in 2023/24 investment returns
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Liabilities	29,501	27,658	30,468	29,685	30,219	29,501	29,501
Assets	(40,081)	(40,081)	(40,081)	(40,081)	(40,081)	(40,081)	(39,683)
Fund Surplus	(10,580)	(12,423)	(9,613)	(10,396)	(9,862)	(10,580)	(10,182)

Note 23 (continued)

Funding Strategy Statement (FSS)

The FSS sets out how the administering authority balances the potentially conflicting aims of affordability of contributions, transparency of process, stability of employers' contributions, and prudence in the funding basis.

The Pension Committee's long-term funding objective is to achieve and maintain assets equal to 100% of projected accrued liabilities, assessed on an ongoing basis. The current actuarial valuation of the Fund is effective as at 31 March 2020 and the results indicate that overall the assets represented 107% of projected accrued liabilities at the valuation date. Investments that would most closely match the pension liabilities would be gilts, predominantly index-linked, reflecting the nature of the Fund's liabilities. However, the Fund invests in other assets, in the expectation that these will provide higher returns albeit without any guarantee that higher returns will be achieved over any particular year. The benefit of higher investment return is that, over the long term, a higher level of funding should achieve lower employer contribution rates. However the additional investment returns from growth assets come with a price: greater volatility relative to the liabilities thus introducing risk. There is a trade-off between the benefits of additional investment return from greater exposure to growth assets and the greater predictability from having greater exposure to liability matching assets.

The asset proportions of the Fund at 31 March 2024, with March 2023 in brackets were: equities, including alternatives 85.5% (83.2%), bonds 5.6% (6.4%), property 6.2 % (6.5%) and cash 2.7 % (3.9%). This is based on the Board's proportion of assets held as supplied by the actuary, rather than the proportions held by the fund as a whole.

Impact on the Board's Cash Flows

While the Fund's main objective is to ensure solvency of the NESPF they also aim to keep employers' contributions at as constant a rate as possible. Following the 2020 valuation the Pensions Committee has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over an average surplus spread period of 24 years and have maintained an employer contribution rate requirement of 19.3% for local authorities across the scheme. During the valuation process employer rates are set for a period of three years with the next triennial valuation due as at 31 March 2023 to determine a funding level and set the rates for 2024/25 onwards.

The projected employer contributions expected to be made to the Local Government Pension Scheme in the year to 31 March 2025 is £0.512m.

The weighted average duration of the liabilities for scheme members at the 31 March 2024 valuation is 14 years.

GLOSSARY OF TERMS

EXPENDITURE

Employee Benefit Expenses

Includes direct and indirect employee expenses.

Direct expenses include salaries and overtime, employer's national insurance and superannuation contributions.

Indirect employee expenses include relocation cost, interview expenses, training and staff advertising.

Other Service Expenses

Includes

- rent, rates, repairs and maintenance and premises-related expenditure at the area offices in Banff, Elgin and Woodhill House headquarters.
- all costs associated with the hire or use of transport, including staff travel allowances and public transport and
- the cost of purchasing equipment, furniture and materials used in the operation or administration of the service, including printing and stationery, canvass expenses and valuation appeal panel costs.

Support Services

This is a charge from Moray Council for services that support the Board in its provision of services to the public. These include Legal Services, Financial Services, Internal Audit and Human Resources.

Depreciation

Depreciation is a charge to the Comprehensive Income and Expenditure Statement, reflecting the decline in value of assets as a result of their usage or ageing.

Impairment

Impairment is a charge to the Comprehensive Income and Expenditure Statement, reflecting that the recoverable amount of an asset is less than its carrying amount.

INCOME

Requisitions

Funding received from the constituent authorities for which the Board provides a service.

GLOSSARY OF TERMS (continued)

OTHER TERMS

CIPFA

The Chartered Institute of Public Finance and Accountancy

LASAAC

Local Authority (Scotland) Accounts Advisory Committee

IFRS

International Financial Reporting Standard

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom

SeRCOP

Service Reporting Code of Practice

Fair Value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk.

Current Value

For operational land and buildings, current value is the amount that would be paid for the asset in its existing use.

Economic Cost

The total cost of performing an activity or following a decision or course of action.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAMPIAN VALUATION JOINT BOARD AND THE ACCOUNTS COMMISSION

REPORTING ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Grampian Valuation Joint Board for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the body as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 28 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on

the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

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

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

In preparing the financial statements, the Treasurer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the body;
- inquiring of the Treasurer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;

- inquiring of the Treasurer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

REPORTING ON OTHER REQUIREMENTS

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

We have audited the parts of the Remuneration Report described as audited. In our opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

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

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

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

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Signature:

Angela Pieri, (for and on behalf of Grant Thornton UK LLP),

110 Queen Street, Glasgow, G1 3BX,

Date: