

LANARKSHIRE VALUATION JOINT BOARD
ANNUAL ACCOUNTS
2022/2023



List of Contents

Contents	
Membership of the Board (2022/2023)	3
Management Commentary	4
Statement of Responsibilities	9
Annual Governance Statement	11
Remuneration Report	15
Expenditure and Funding Analysis	20
Comprehensive Income and Expenditure Statement	21
Balance Sheet	22
Movement in Reserves Statement	23
Cash Flow Statement	25
Notes to the Financial Statements	
Note 1 - Accounting Policies	27
Note 2 - Prior Period Adjustments	29
Note 3 - Accounting Standards issued but not Adopted	29
Note 4 - Critical Judgements in Applying Accounting Policies	29
Note 5 - Notes to the Expenditure and Funding Analysis - Adjustments Between Funding and Accounting Basis	30
Note 6 - Adjustments between Accounting Basis and Funding Basis Under Regulations	31
Note 7 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	32
Note 8 - Events after the Balance Sheet date	32
Note 9 - Contingent Liabilities	33
Note 10 - Leases	33
Note 11 - Property, Plant and Equipment – Movement on Balances	34
Note 12 - Intangible Assets	34
Note 13 - Short Term Debtors	34
Note 14 - Short Term Creditors	34
Note 15 - Related Party Transactions	35
Note 16 - Defined Benefit Pension Schemes	35
Note 17 - External Audit Costs	39
Note 18 - Grant Income	39
Note 19 - Balance Sheet Reserves	40
Note 20 - Financing and Management of Liquid Resources	40
Note 21 - Comprehensive Income and Expenditure Statement - financing and investment income and expenditure	41
Note 22 - Going Concern	41
Audit Report	42

Membership of the Board (2022/2023)

Lanarkshire Valuation Joint Board (herein after referred to as 'the Board') is comprised of Elected Members from its two constituent local authorities. The serving Members of the Board during financial year 2022/2023 were as noted below:

South Lanarkshire Council

Councillor Walter Brogan (Convener)*
Councillor Janine Calikes
Councillor Ross Clark
Councillor Colin Dewar
Councillor Lynsey Hamilton
Councillor Martin Hose
Councillor Gavin Wylie Keatt
Councillor Mark McGeever

North Lanarkshire Council

Councillor Jim Reddin (Depute Convener)*
Councillor Bob Burgess
Councillor Lesley Jarvie
Councillor Tom Johnston
Councillor Fergus MacGregor
Councillor Alex McVey
Councillor William Shields
Councillor Anne Thomas

*Councillor Walter Brogan was elected as Convener of the Board and Councillor Jim Reddin was elected as Depute Convener of the Board at its meeting on 27 June 2022

Chief Officers

Assessor and Electoral Registration Officer: Gary Bennett BSc MSc AEA (Cert-Scotland) MRICS
IRRV (Hons)
(until 31 May 2023)

Renzo Pacitti BSc MRICS
(from 5 June 2023)

The following appointed office bearers of the Board are employed on a substantive basis by South Lanarkshire Council:

Clerk: Cleland Sneddon
(Chief Executive of South Lanarkshire Council)

Treasurer: Paul Manning
(Executive Director of Finance and Corporate Resources, South Lanarkshire Council)

The management commentary provides an overview of the key messages in relation to the objectives and strategy of Lanarkshire Valuation Joint Board (the Board) and its financial performance for the year ended 31 March 2023. It also provides an indication of the issues and risks that may impact upon the Board's finances in the future.

The Board was established by the Valuation Joint Boards (Scotland) Order 1995 and came into existence on 1 April 1996. It provides a range of valuation and electoral registration services to and on behalf of South Lanarkshire Council and North Lanarkshire Council (the constituent authorities), working in partnership with other Valuation Joint Boards and professional bodies throughout Scotland.

Core Purpose, Vision, Service Function and Core Objectives

The Board's Service Plan was approved at the Board meeting in March 2022 and covers the period April 2022 through to March 2025. The Plan incorporates the Board's Vision statement which is "to deliver quality in the work which we undertake, provide efficient services to all service users, and ensure completeness and accuracy of the Electoral Register, Valuation Roll and the Valuation (Council Tax) List".

The Plan sets out the key business areas identified for Lanarkshire Valuation Joint Board over the three-year period, with a view to ensuring that the Board's services are delivered as effectively and efficiently as possible to service users.

Where deemed appropriate, each key business area is supported by a series of priorities and measurable key actions, against which performance is regularly reported to the Board.

Review of Performance

The Board's performance against key performance indicator (KPI) targets during 2022/2023 is detailed below:

Of 3,009 new Council Tax entries added, 90% were completed within 3 months of the effective date against a target of 87%. 98% were completed within 6 months against a target of 92%.

Of 1,147 alterations to the non-domestic valuation roll, 53% were completed within 3 months of the effective date against a target of 77% and 68% were completed within 6 months against a target of 92%. The three-monthly and six-monthly targets were not met, essentially due to the challenges presented by the extensive preparatory work associated with the 2023 non-domestic revaluation.

With regards to electoral registration, within the period 2022/2023, the principal activities centred on maintaining the completeness and accuracy of the registers. All scheduled tasks associated with the Scottish Local Government Elections on 5 May 2022 were undertaken timeously. During the period 2022/23 there were no by-elections in either North or South Lanarkshire.

The annual canvass of electors 2022 was subject to major reform with the introduction of The Representation of the People (Annual Canvass) (Miscellaneous Amendments) (Scotland) Regulations 2020. Under the reformed canvass, data matching was used at the outset of the canvass to help identify those properties where the residents are more likely to have changed. All Electoral Registration Officers in Great Britain were required to match specified data they hold on registered electors, against the Department for Work and Pensions' Customer Information System (DWP CIS) dataset. This dataset is already used in the electoral registration process to verify an applicant's identity.

For the 2022 annual canvass of electors, circa 254,000 households were issued with the new Canvass Communication A form (CCA), which advised who was on the register and that unless there was a change in the household no return was required. A further stage to the reformed annual canvass process involved the issuing of circa 62,500 Canvass Forms (CF) to households which didn't match during the aforementioned exercise. Furthermore, a new Canvass Communication B form (CCB) in respect of postal reminders was issued to circa 50,800 households. The household

visit element of the 2022 canvass was able to proceed, with suitable precautions undertaken as a result of the pandemic, with circa 37,800 properties being canvassed. The canvass reforms also allowed for e-communications that included telephone and email contact. The canvass was concluded successfully, and the registers were published on 1 December 2022.

Rolling Registration activity, introduced in 2000 to assist in maintaining the Electoral Register, continued throughout 2022/23 with the bulk of registration applications received via the central government online registration system (www.gov.uk/register-to-vote).

More information on the Board's performance during 2022/2023 can be found on the Board's website at www.lanarkshire-vjb.gov.uk

Financial Performance

Revenue

The Comprehensive Income and Expenditure Statement on page 21 summarises the total costs of providing services and the income available to fund those services. The Board set a net operating expenditure budget for 2022/2023 of £3.665m to be funded by contributions from the two constituent local authorities. The budget was based on experience of expenditure and income levels during previous years and included a planned contribution from the Board's reserves of £0.193m. During the year, this budget was increased to reflect funding received from the Scottish Government for the implementation of the Barclay Review. This gave a final budget of £4.265m for the year.

In comparison to this revised 2022/2023 budget, the Board returned a surplus of income over expenditure of £0.242m which, compared with the budgeted deficit of £0.060m, meant there was £0.302m of an improvement in the Board's position. This surplus excludes the accounting adjustments relating to pensions and short-term accumulating absences. In the main, the improved financial position reflected reductions in spend due to turnover of staff and ongoing recruitment difficulties in the sector.

The Table overleaf compares the revised budget of the Board at the 31 March 2023. The difference between the net expenditure figure overleaf and that reported in the Comprehensive Income and Expenditure Statement is due to the accounting adjustments, which are analysed in the Expenditure and Funding Analysis on page 20.

Lanarkshire Valuation Joint Board Revenue Budget 2022/2023

	Budget	Actual	Variance
	£000	£000	£000
Employee Costs	3,137	2,917	220
Property Costs	202	201	1
Supplies and Services	159	152	7
Transport and Plant	0	3	(3)
Administration Costs	740	684	56
Payments to Other Bodies	31	30	1
Financing Charges	13	8	5
Total Expenditure	4,282	3,995	287
Income	(17)	(32)	15
Net Expenditure	4,265	3,963	302
Funded by:			
Contributions from Councils	(4,205)	(4,205)	0
Total	(4,205)	(4,205)	0
(Surplus) / Deficit for the Financial Year	60	(242)	302

As noted above, the main underspend was in respect of employee costs. This reflects a combination of the turnover of staff and difficulties in the recruitment of staff. In addition, Administration Costs incurred less than anticipated expenditure in relation to the cost of printing and stationery and postages.

Balance Sheet

The Board's Balance Sheet as at 31 March 2023 reported net assets of £2.071m compared with net assets of £2.818m as at 31 March 2022, a movement of £0.747m during the year. This is mainly due to a £0.984m decrease in the Board's General Fund Reserve.

Adding the surplus on the Balance Sheet as at 31 March 2023 (£0.242m) to the Board's General Reserve carried forward from 2021/2022 (£1.479m), gives the Board a closing General Reserve position of £1.721m at the end of 2022/2023. This is shown in the Expenditure and Funding Analysis on page 20 and the Movement in Reserves Statement on page 23.

Pension Fund

The disclosure requirements for pension benefits under International Accounting Standard 19 are detailed at Note 16. The appointed actuary assessed the Board's share of Strathclyde Pension Fund as a net asset of £0.289m as at 31 March 2023. This reflects the assumptions used by the actuary, including financial and demographic assumptions, resulting in a significant increase to the Pension Asset since the previous year.

The 2022/2023 pension reports provided by the actuary indicate an increased Asset (a surplus) for this year (compared to 2021/2022), and in line with IFRIC14, an asset ceiling has been applied. This reduced the Asset from £10.851m to £0.289m and reflects the present value of employer future service costs less the present value of future employer contributions, over the future working lifetime of your active scheme.

Whilst indicative of a broad position in terms of a pension asset, the reader should be aware of a range of factors, inherent in the figure, before drawing conclusions on the Asset shown in the Board's Financial Statements. The Board continues to meet pension contributions on an annual basis.

Note 16: Defined Benefit Pension Schemes on page 35 provides more details on pensions including the factors affecting the pension asset such as assumptions about mortality, salary inflation, pension inflation and discount rates.

The Board's actuary has confirmed that the IAS19 Balance Sheet is based on financial market values and future market expectation indicators as at 31 March 2023 to comply with the standard.

Provisions, contingencies and write-offs

The Board is not aware of any eventualities which may have a material effect on its financial position and has therefore made no provision for such eventualities. Contingent assets and liabilities are disclosed as a note to the financial statements. No debts were written off during the financial year.

Service Changes and Future Developments

The Board approved Lanarkshire Valuation Joint Board's Service Plan at its meeting of March 2022. An update on the service plan is provided annually to the Board. Future developments are anticipated in the following service areas:

Electoral Registration

Following the introduction of the Elections Act 2022, preparatory work will continue for the new legislative undertakings associated with the Act, including the introduction of Voter I.D. for certain elections. It is expected that a number of by-elections will take place within the period 2023/24 for which, as with all elections, an elections plan will be developed with an associated risk register for each.

Valuation

Preparatory work associated with implementing the new proposals and appeals system for both non-domestic and council tax business will continue into the period 2023/24. In respect of non-domestic appeals, the new system is significantly different from the previous procedures associated with appeals and the shortened timescale to deal with such appeals will add to challenges for the period 2023/24, for both Assessors across Scotland, and ratepayers and their agents. This new two-stage system is designed to deal initially with proposals and then any subsequent appeals. The

four-month window for lodging these proposals will commence immediately following the publication of the 2023 Revaluation roll on 1 April 2023. Work over the period 2023/24 will also continue with maintaining the valuation roll and disposing of running roll appeals where possible. However, there remain significant challenges in respect of dealing with the voluminous numbers of outstanding running roll appeals, the vast majority of which were lodged as a result of the pandemic.

In respect of Council Tax, work will continue with maintaining the Valuation List, entering new houses on the List as well as reviewing bands of houses which have been sold (where there have been alterations which may result in a band increase), as efficiently as possible.

With the non-domestic revaluation now complete, it is envisaged that alterations to the valuation roll should be once again undertaken in line with targets, and that entering new houses in the valuation list should continue to be in line with targets also.

Financial Outlook

Most economic commentators forecast that pressures on public finances will continue for the foreseeable future. The Board recognises the impact of this difficult financial climate on its constituent authorities and as a consequence it continues to seek to generate efficiencies where possible. The Board's Financial Budget Strategy was updated in June 2022 to refresh the Strategy and to extend the timeframe to 2025/2026. The Financial Strategy assists in managing a number of key risks which directly impact on the funding available to deliver the Board's objectives. It also identifies a future strategy in respect of financial reserves.

The Budget for 2023/2024 was approved in December 2022, and included an additional assumption for a future pay award for the Board's employees. The revised expenditure budget totals £4.280 million and is funded by contributions from councils (including the Barclay allocations) and the use of Reserves (£0.272 million).

Taking into account the use of £0.272 million in 2023/2024 will leave £1.449 million in Reserves for future years. This equates to 33% of the Board's annual budget for 2023/2024.

The Table below summarises the revised impact on Reserves across the 3 years of the Strategy leaving a balance of £0.534 million at the end of 2025/2026.

Reserves Forecast and Strategy

	2022/23 (year 0) £m	2023/24 (year 1) £m	2024/25 (year 2) £m	2025/26 (year 3) £m
Opening Balance	1.479	1.721	1.449	1.027
Transfer to Reserves	0.242	-	-	-
Proposed Utilisation of Reserves	-	(0.272)	(0.422)	(0.493)
Closing Balance	1.721	1.449	1.027	0.534

The balance on Reserves (£0.534 million) is after a reduction in council contributions of £0.050m in 2023/2024 and 2024/2025. This still represents a significant balance. The reason it is considered appropriate to work towards holding this level of reserve relates to a risk that funding for Barclay may not be recurring beyond this timeframe.

Consequently, the Assessor and Electoral Registration Officer will look to continue to implement efficiency savings in future, although with a significant number of statutory duties to be met the continued pressure on resources could have an adverse impact on performance and service delivery.

The Board's Financial Strategy will continue to be revised annually, with consideration given to any changes in the financial horizon and will be presented to the Board as appropriate.

Risks and Uncertainties

The Board noted the Risk Register Update 2023 at its meeting in March 2023. The main risks highlighted are the inability to deal with the increase in non-domestic appeals activity, the difficulties faced in recruiting and retaining qualified valuation staff, and the uncertainty surrounding the

funding going forward for the new duties brought about by the Barclay review into non-domestic rates.

In respect of the first highlighted risk, discussions continue with the Scottish Government and other stakeholders in respect of a possible extension to the statutory disposal date for such appeals. With regards to the second risk, dialogue continues with all officers to the Board, as well as with South Lanarkshire Council's Personnel Services, in relation to retaining and recruiting suitably qualified personnel to deal with the anticipated workload for coming years, in particular the workload associated with the recommendations from the Barclay Review into non-domestic rates.

Finally, in respect of the third risk, dialogue continues with the Scottish Government to ensure that all new statutory requirements emanating from the Barclay review are properly funded. All risks are monitored by the Board's management team with a view to mitigating each risk, whether an existing or emerging risk.

Coronavirus Pandemic

Whilst there has been essentially a return to business as usual, the risks associated with the pandemic remain. Revised working practices introduced as a result of the pandemic are now established and include home/office blended working arrangements, sourcing more information digitally with the continued use of electronic communications where deemed appropriate. All site visits, with the exception of certain establishments such as care homes, are being undertaken and as such should contribute to our organisation's ability to maintain as accurately and complete as possible the Valuation Roll, Council Tax List and Electoral Registers. The Board's staff are to be commended again on their approach to revised working practices to ensure that all statutory functions are carried out.

Conclusion

Given the significant challenges which all Assessors' offices faced as a result of the preparatory work for the 2023 non-domestic revaluation over the period 2022/23, performance on the whole was positive across all three main business areas, albeit non-domestic performance targets were not met.

Significant work was undertaken to reduce the number of council tax appeals outstanding, which had built up as a result of the pandemic; this was a major area of achievement with low numbers of appeals eventually being transferred to the Scottish Courts and Tribunals Service.

Sound financial management and medium-term planning has enabled the Board to successfully manage the financial challenges faced during financial year 2022/23. However, there remain a number of challenges going forward, not least the issues posed by the introduction of three yearly non-domestic revaluations with effect from 1 April 2023, an associated change to the non-domestic appeals system scheduled to be implemented with effect from 1 April 2023 with a significant number of appeals outstanding lodged as a result of the pandemic, and further challenges, such as the implementation of Voter I.D. as introduced by the Elections Act 2022.

We wish to acknowledge the significant efforts of all staff in contributing to the Board's operational performance, of budget managers and support staff whose financial stewardship contributed to the Board's financial position at 31 March 2023, and to everyone involved in the preparation of the Annual Accounts.

Paul Manning
Treasurer

Renzo Pacitti
Assessor and ER Officer
(from 5 June 2023)

Cllr Walter Brogan
Convener

Statement of Responsibilities

This statement sets out the respective responsibilities of the Board and the Treasurer 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 ensure that one of its officers has responsibility for the administration of those affairs. For the Board, that officer is the Executive Director of Finance and Corporate Resources for South Lanarkshire Council, designated as the Treasurer of 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 is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in 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 4 December 2023.

Councillor Walter Brogan
Convener of Lanarkshire Valuation Joint Board

The Treasurer's Responsibilities

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

In preparing the Annual Accounts, the Treasurer has:

- Selected suitable accounting policies, and applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with legislation.
- Complied with the Code of Practice on Local Authority Accounting in the United Kingdom.

The Treasurer has also:

- 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 annual accounts 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 2023.

Paul Manning
Treasurer of Lanarkshire Valuation Joint Board

Annual Governance Statement

This statement sets out the framework within which the Board has proper arrangements for the governance of the Board's affairs, thereby facilitating the effective exercise of its functions, ensuring that appropriate arrangements are in place for the management of risk and appropriate systems of internal control are in place.

The Annual Governance Statement has been prepared within the context of the Board's governance framework and meets legislative requirements to include the Annual Governance Statement with the Annual Accounts. A consolidated Code of Corporate Governance was approved at the Board meeting of 4 March 2019.

Scope of Responsibility

In delivering its aims and objectives, the Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Board also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003. In discharging this responsibility, the Board's elected members and senior officers are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Governance Framework

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

The main features of the Board's Corporate Governance arrangements are:

- Consolidated Code of Corporate Governance
- Clearly defined Standing Orders, Scheme of Delegation and Financial Regulations and Tender Procedures,
- Comprehensive business planning arrangements, setting key targets and action plans designed to achieve our corporate objectives,
- Arrangements to manage risk, including a risk management strategy and Corporate Risk Register and business continuity plans,
- Clear customer complaints procedures,
- Policies to regulate employee related matters, including the Employee Code of Conduct and Disciplinary Procedures, and
- Regular public performance monitoring

As part of the overall control arrangements, the system of internal control is designed to ensure that assets are safeguarded, transactions are authorised and properly recorded and material errors are detected and corrected. This system is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability.

Development and maintenance of the system is undertaken by managers within the Board. In particular, the system includes:

- Financial management supported by Financial Regulations,
- Detailed budgeting systems,
- Regular reviews of periodic and annual financial reports which indicate financial performance against forecasts,
- Setting targets to measure performance, including financial performance, and
- The preparation of regular financial reports that compare actual expenditure and income against forecasts.

- A range of policies such as the Counter Fraud, Bribery and Corruption Policy Statement and Strategy, Fraud Response Plan, Whistleblowing for Third Parties and Confidential Reporting procedures. These continue to be updated to reflect best practice and support a culture of ethical behaviour amongst employees and councillors.

The Risk and Audit Scrutiny Committee considered the adequacy and effectiveness of the Board's governance arrangements and internal control environment and approved the Annual Governance Statement and Accounts.

South Lanarkshire Council is the administering authority. All financial transactions of the Board are processed through the financial systems of the Council and are subject to the same controls and scrutiny as those of the Council. This includes regular reviews by the Council's Internal Audit Manager.

CIPFA Financial Management Code

The Chartered Institute of Finance and Public Accountancy (CIPFA) has introduced a Financial Management Code (the FM Code). The FM Code provides "guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the code, authorities will be able to demonstrate their financial sustainability". A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management.

The Board reviewed the principles of the FM Code and carried out a self-assessment as part of its internal governance regime during 2020-2021. This identified that the Board where appropriate had fully embedded all but 1 of the principles of the Code in its normal business. An action was identified for the remaining principle which was to include a statement re the adequacy of reserves in the next budget strategy paper. The refreshed Budget Strategy covering the period to end 2025/2026 was presented to the Board in June 2022. This included reference to the level of Reserves and a plan for their use moving forward.

Review of Effectiveness

The Board purchases an internal audit service from South Lanarkshire Council, through a Service Level Agreement. The role of Internal Audit is to provide an independent audit opinion on the adequacy and effectiveness of the Board's governance, risk management and internal control systems based on audit work undertaken in the year.

The internal audit service provided to the Board operates in accordance with the Public Sector Internal Audit Standards (revised 2017). A rolling programme of audits are undertaken on an annual basis targeted at the areas of greatest risk.

The Internal Audit Manager provides an annual report to the Board and an audit opinion on the adequacy and effectiveness of the Board's governance, risk management and internal control systems based on audit work undertaken in the year. The annual report for 2022/2023 was presented to the Board on 5 June 2023. The Internal Audit Manager's annual assurance statement concluded that a reasonable level of assurance can be placed on the adequacy and effectiveness of the Board's framework of governance, risk management and control arrangements for the year ended 31 March 2023.

Statement on the Role of the Chief Financial Officer

CIPFA published the statement on the role of the Chief Financial Officer in 2010 and under the Code, the Board is required to state whether it complies with the statement, and if not, to explain how their governance arrangements deliver the same impact.

The Board's financial management arrangements comply with the principles set out in CIPFA's statement on the Role of the Chief Financial Officer.

Continuous Improvement

As part of the annual audit review, recommendations are provided which not only assist management to improve their control environment, but also provide an assessment of the adequacy of existing systems and procedures, including highlighting any necessary improvements to maintain and improve the Board's governance arrangements going forward. The external auditor's report, [Audit Scotland Annual Report 2021/2022](#) noted that the governance arrangements were effective in 2021/2022, and did not identify any Governance actions for implementation during 2022/2023.

Coronavirus

The Board's management team remain vigilant to the risks associated with the recent pandemic. Safe systems of work are continuously reviewed and updated where deemed appropriate. With the exception of a few property types, such as care homes, all site visits in connection with statutory duties relating to our three main business areas, namely council tax, non-domestic rates and electoral registration, are being undertaken. Business processes remain under constant review to help mitigate against a resurgence of coronavirus, with working practices having been re-engineered to facilitate a more digitised approach to tasks where possible. This is assisted by the Scottish Assessors Association Portal which facilitates a number of user interactive services, as well as hosting a vast range of useful information for all service users. Blended working arrangements, involving staff working some time within the office and some time from home, are now well established.

The Board's staff are once again to be commended on their ability to adapt to changing processes to ensure that all statutory functions are carried out.

Assurance

In conclusion, there were no significant weaknesses identified in the Annual Audit Report relating to improvements requiring action in 2022/2023. Systems are in place to continually review and improve the control environment and governance arrangements operated by the Board.

The effectiveness of governance is dependent on the actions of officers of the Board and by the work of Internal and External audit. It is the Board's view that the governance arrangements were effective during financial year 2022/2023.

Significant Governance Areas

The Board's management team identifies risks which LVJB is exposed to and documents the controls in place to help mitigate each risk. At the review in January 2023, 3 risks were deemed high and are summarised in the table below.

Risk	Classification	Key Risk	Description of Risk	Controls in Place
1	Operational, Continuity and Performance	Inability to deal with increase in non-domestic appeals activity	Upsurge in non-domestic appeal activity, in particular the voluminous appeals received in connection with the coronavirus pandemic. Also, dealing with voluminous levels of proposals against the 2023 non-domestic revaluation in a three yearly revaluation cycle. This leads to greater time spent by LVJB staff on handling appeals	1) Structured non-domestic appeal disposal programme. 2) Regular case review meetings. 3) Follow agreed disposal strategy of non-domestic appeals with SAA where appropriate. 4) Monitored by Valuation Managers and Utilities Group Meetings. 5) Liaising with Lanarkshire Valuation Appeal Panel and the Scottish Courts and Tribunals Service in respect of facilitating hearings to deal with the increased workload. 6) Liaising with the Scottish Government and the new

Risk	Classification	Key Risk	Description of Risk	Controls in Place
				Tribunal set-up via the Scottish Assessors Association, on appeal volumes and statutory disposal deadlines.
2	People	Failure to recruit and/or retain qualified valuation staff.	Failure to retain or recruit staff including those with appropriate qualifications.	1) Work life balance/conditions of service/personnel policies/job families. 2) PDR process. 3) Recruitment of trainee valuers, employed when appropriate, with structured training scheme in place. 4) Offer to existing staff of training/professional qualifications where deemed appropriate.
3	Financial	Lack of funding for new duties associated with the Barclay review into non-domestic rates.	Insufficient funding for new duties could lead to difficulties in delivery of statutory undertakings. There is no detail on future years' funding from the Scottish Government for such duties.	1) Risk to the new statutory duties has been raised with Scottish Government officials, and directly with the Minister for Public Finance, Planning and Community Wealth 2) Three yearly budget planning assists with the identification of when funding levels become critical to service delivery.

Renzo Pacitti
Assessor and ER Officer
(from 5 June 2023)

Councillor Walter Brogan
Convener

The remuneration report provides details of the Board's remuneration policy for senior Board members and senior employees.

Introduction

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

All information disclosed in tables 1 – 3 and 5 and 6 in this Remuneration Report and details of exit packages have been audited by Audit Scotland. The other sections of the Remuneration Report have been reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

Senior Employees

The remuneration of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Officers of Scottish local authorities. Circular CO/152 sets the amount of salary for Chief Officers for 2022/2023.

Senior Councillors

The Convener and Depute Convener of the Lanarkshire Valuation Joint Board are remunerated by the Council of which they are a council member, as shown in Table 3.

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183) as amended most recently by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2022 (SSI 2022/18). The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Provost, Senior Councillors or Councillors. These regulations also 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 amount payable to them as either a Councillor or Senior Councillor.

The Board has an arrangement with each Council who 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. The disclosures made in this report are limited to the amounts paid to the Council by the Board for remuneration and does not reflect the full value of the remuneration that may be paid to the councillor.

Trade Unions (Facility Time Publication Requirements) Regulations 2017

In addition to the regulations governing senior employees and councillors, the Trade Union (Facility Time Publication Requirements) Regulations 2017, which applied from 1 April 2017, require public sector employers to collect and publish a range of information on trade union facility time in respect of their employees who are Trade Union Representatives. The [Trades Unions \(Facility Time Publication Requirements\)](#) is available on the Board's website.

There are no employees within the Board who are Trade Union Representatives, as noted on the Board's website.

General Pay Bands for Senior Employees

The number of officers who received remuneration (excluding pension contributions) in excess of £50,000 for the financial year is shown in Table 1:

Table 1 - General Pay Band Disclosure for Senior Employees

Annual Remuneration	Number of Employees	Number of Employees
£	2022/23	2021/22
50,000 – 54,999	2	6
55,000 – 59,999	2	0
60,000 – 64,999	1	2
65,000 – 69,999	2	0
70,000 – 74,999	0	2
75,000 – 79,999	1	0
80,000 – 84,999	1	0
85,000 – 114,999 (Note 1)	0	0
115,000 – 119,999	0	1
120,000 – 124,999	0	0
125,000 – 129,999	1	0

Note 1: These are merged pay bands covering more than £5,000 due to the fact that no employees fell into these bands in either financial year.

Disclosure of Remuneration

Tables 2 and 3 provide details of the remuneration paid to the Board's senior employees, Convener and Depute Convener. Comparative figures for 2021/2022 have been shown.

Table 2 – Senior Employees

Name / Post	Salary / Fees	Taxable Expenses	Compensation for Loss of Office	Any other Remuneration	2022/23 Total	2021/22 Total
G Bennett Assessor and Electoral Registration Officer	£125,772	-	-	-	£125,772	£119,906
J Neason Assistant Assessor and Electoral Registration Officer (To 5 April 2022)	£884 (Full Time Equivalent £76,847)	-	-	-	£884 (Full Time Equivalent £76,847)	£73,263
C Maxwell Assistant Assessor and Electoral Registration Officer (From 6 April 2022)	£73,811 (Full Time Equivalent £74,584)				£73,811 (Full Time Equivalent £74,584)	n/a
R Pacitti Assistant Assessor and Electoral Registration Officer	£76,847	-	-	-	£76,847	£73,263
Total	£277,314	-	-	-	£277,314	£266,432

The senior employees included in Table 2 include any Board employee:

- Who has responsibility for management of the Board to the extent that the person has power to direct or control the major activities of the Board (including activities involving the expenditure of money), during the year to which the report relates, whether solely or collectively with other persons;

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

Table 3 – Conveners and Depute-Conveners

Name / Post	Salary / Fees	Taxable Expenses	Compensation for Loss of Office	Any other Remuneration	2022/23 Total	2021/22* Total
A McVey Convener (To 5 May 2022)	£469	-	-	-	£469	£4,458
W Brogan Convener (From 27 June 2022)	£3,729	-	-	-	£3,729	n/a
L Hamilton Depute Convener (To 5 May 2022)	£352	-	-	-	£352	£3,476
J Reddin Depute Convener (From 27 June 2022)	£2,798	-	-	-	£2,798	n/a
Total	£7,348				£7,348	£7,934

* 2021/2022 figures restated to reflect Basic Pay only.

Pension Rights

Pension benefits for councillors and Lanarkshire Valuation Joint Board employees are provided through the Local Government Pension Scheme (LGPS).

The Board's employees had a final salary pension scheme prior to 1 April 2015. 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. As of 1 April 2015, the Board's employees are now part of a defined benefit pension scheme worked out on a career average basis. Benefits built up are calculated using pensionable pay each scheme year, rather than final salary. All benefits built up prior to this date are protected.

From 1 April 2009, a five-tier contribution system was introduced with contributions from scheme members based on how much pay falls into each tier. This is designed to give more equality between the costs and benefits of scheme membership. Under The Local Government Pension Scheme (Scotland) Regulations 2014, the earnings ranges used to determine annual contribution rates are to be increased each year by any increase applied to pensions under the Pensions (Increase) Act 1971. In accordance with this the salary bands for 2019/2020 were uprated by the Consumer Price Index (CPI) increase for 2020/2021.

The member contribution rates and tiers for 2022/2023 are shown in Table 4 along with those that applied in 2021/2022.

Table 4 – Pension Contribution Rates

Pensionable Pay	Contribution rate 2022/23	Pensionable Pay	Contribution Rate 2021/22
On earnings up to an including £23,000	5.50%	On earnings up to an including £22,300	5.50%
On earnings above £23,000 and up to £28,100	7.25%	On earnings above £22,300 and up to £27,300	7.25%
On earnings above £28,100 and up to £38,600	8.50%	On earnings above £27,300 and up to £37,400	8.50%
On earnings above £38,600 and up to £51,400	9.50%	On earnings above £37,400 and up to £49,900	9.50%
On earnings above £51,400	12.0%	On earnings above £49,900	12.0%

From April 2015, if a person works part-time their contribution is based on their part-time pay. Prior to this, if a person worked part-time, their contribution rate was worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

From 1 April 2015, benefits are calculated on the basis of a revalued annual pension built up of 1/49th of pensionable pay each year, plus inflation to keep up with the cost of living. Prior to this date, the accrual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service and prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

The value of the benefits has been calculated without exercising any option to commute pension entitlement into a lump sum and without any adjustment for the effects of future inflation.

In those cases where members have transferred pension entitlements from previous employments, 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. It also reflects both employer and employee contributions.

The Pension entitlement of Senior Employees for the year to 31 March 2022 are shown in the Table 5, together with the contribution made by the Board to each senior employees' pension during the year. The accrued pension benefit reflects both the employer and employee contributions.

Table 5 – Pension Benefits: Senior Employees

Name / Post		Accrued Pension Benefits March 2023	Movement in accrued pension benefits since 31 March 2022	Pension Contribution made by Board 2022/23	Pension Contribution made by Board 2021/22
G Bennett Assessor and Electoral Registration Officer	Pension Lump Sum	£73,301 £114,849	£7,932 £5,483	£24,274	£23,142
J Neason Assistant Assessor and Electoral Registration Officer (To 5 April 2022)	Pension Lump Sum	£42,083 £73,544	£-300 £0	£171	£14,140
C Maxwell Assistant Assessor and Electoral Registration Officer (From 6 April 2022)	Pension Lump Sum	£34,144 £51,721	n/a	£14,395	n/a
R Pacitti Assistant Assessor and Electoral Registration Officer	Pension Lump Sum	£42,547 £69,825	£4,577 £3,333	£14,831	£14,140
Total				£53,671	£51,422

Table 6 – Pension Benefits: Conveners and Depute Conveners

Name / Post	Pension Contribution made by Board 2022/23	Pension Contribution made by Board 2021/22*
A McVey, Convener (To 5 May 2022)	£91	£860
W Brogan, Convener (From 27 June 2022)	£720	n/a
L Hamilton, Depute Convener (To 5 May 2022)	£68	£671
J Reddin, Depute Convener (From 27 June 2022)	£540	n/a

* 2021/2022 figures restated to reflect Pension Contribution made by the Board only.

Exit Packages

There were no exit packages agreed or paid for in 2022/2023 or 2021/2022.

Renzo Pacitti
Assessor and ER Officer
(from 5 June 2023)

Councillor Walter Brogan
Convener

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows the expenditure and income figures reported to Lanarkshire Valuation Joint Board and, through a single adjustments column, reconciles it to the accounting figures presented in the Comprehensive Income and Expenditure Statement.

Expenditure and Funding Analysis 2022/2023

	2021/2022			2022/2023		
Net Exp. Chargeable to GF	Adjustment between Funding and Accounting Basis (note 5)	Net Exp. in CIES		Net Exp. Chargeable to GF	Adjustment between Funding and Accounting Basis (note 5)	Net Exp. in CIES
Column 1	Column 2	Column 3		Column 5	Column 6	Column 7
£000	£000	£000		£000	£000	£000
2,850	670	3,520	Employee Costs	2,917	539	3,456
201		201	Property Costs	201		201
147		147	Supplies and Services	152		152
0		0	Transport and Plant	3		3
773	(27)	746	Administration Costs	684	(24)	660
28		28	Payments to Other Bodies	30		30
35	21	56	Financing Charges	8	21	29
4,034	664	4,698	Total Expenditure	3,995	536	4,531
(4,386)	-	(4,386)	Income	(4,237)		(4,237)
(352)	664	312	Net Cost of Services	(242)	536	294
0	51	51	Financing and Investment Income and Expenditure	0	(28)	(28)
(352)	715	363	(Surplus) or Deficit	(242)	508	266

2021/22		2022/23
General Fund		General Fund
£000		£000
(1,127)	Opening General Fund Balance	(1,479)
(352)	(Less)/plus (Surplus) or Deficit on General Fund (per column 1 and 5 of EFA)	(242)
-	Transfers To/From Reserves	-
(1,479)	Closing General Fund Balance	(1,721)

Comprehensive Income and Expenditure Statement for the year ended 31 March 2023

This statement shows income generated by the Board during the year and how it was spent on services and financing costs.

2021/22		2022/23	Note
Actual		Actual	
£000		£000	
3,520	Employee Costs	3,456	
201	Property Costs	201	
147	Supplies and Services	152	
0	Transport and Plant	3	
746	Administration Costs	660	
28	Payments to Other Bodies	30	
56	Financing Charges	29	
4,698	Total Expenditure	4,531	
(4,386)	Income	(4,237)	
312	Net Cost of Services	294	
51	Financing and Investment Income and Expenditure	(28)	
363	Deficit on the Provision of Services	266	
(4,198)	Re-measurement of the Net Defined Benefit Asset/Liability	977	16
(4,198)	Other Comprehensive Income and Expenditure	977	
(3,835)	Total Comprehensive Income and Expenditure	1,243	

This statement shows the resources of the Board and means by which they were financed. It shows the values as at the Balance Sheet date of the assets and liabilities recognised by the Board.

31 March 2022		31 March 2023	Note
£000		£000	
	Non-Current Assets:		
156	Property, Plant and Equipment	135	11
0	Intangible Assets	0	12
1,273	Pension Asset	289	16
1,429	Total Non-Current Assets	424	
	Current Assets:		
72	Short Term Debtors	100	13
1,542	Cash and Cash Equivalents	1,814	
1,614	Total Current Assets	1,914	
	Current Liabilities:		
(225)	Short Term Creditors	(267)	14
(225)	Total Current Liabilities	(267)	
2,818	Total Assets less Current Liabilities	2,071	
	Long Term Liabilities		
0	Pension Liability	(496)	16
2,818	Total Assets less Liabilities	1,575	
	Financed By:		
	Unusable Reserves		
1,273	Pension Reserve	(207)	19
(90)	Accumulating Compensated Absences Reserve	(74)	19
156	Capital Adjustment Account	135	19
	Usable Reserves		
1,479	General Fund Reserve	1,721	19
2,818		1,575	

The notes on pages 27 to 41 form part of the financial statements.

The unaudited accounts were approved for issue by the Board on 5 June 2023, and the audited accounts were authorised for issue on 4 December 2023. The audited accounts are signed on behalf of the Board by:

Paul Manning
Treasurer of Lanarkshire Valuation Joint Board

Movement in Reserves Statement for the year ended 31 March 2023

This statement shows the movement in the year on the different reserves held by the Board, analysed into usable reserves and unusable reserves. The deficit on the provision of services shows the true economic cost of providing the Board's services, which is fully analysed in the Comprehensive Income and Expenditure Statement on page 21. This cost excludes other statutory charges to the General Fund balance. The net increase / (decrease) before transfers to / from other statutory reserves shows the statutory General Fund balance before any discretionary transfers to or from the other statutory reserves of the Board.

	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000
Balance at 31 March 2022	1,479	1,479	1,339	2,818
Movement in Reserves during 2022/2023				
Surplus on the provision of services	(266)	(266)	-	(266)
Other comprehensive income and expenditure	-	-	(977)	(977)
Total comprehensive income and expenditure	(266)	(266)	(977)	(1,243)
Adjustments between accounting basis and funding basis (note 5)	508	508	(508)	0
Net increase before transfers to / from other statutory reserves	242	242	(1,485)	(1,243)
Transfers to / from other statutory reserves	-	-	-	-
Increase / (Decrease) in 2022/2023	242	242	(1,485)	(1,243)
Balance as at 31 March 2023	1,721	1,721	(146)	1,575

Movement in Reserves Statement for the year ended 31 March 2022

	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000
Balance at 31 March 2021	1,127	1,127	(2,144)	(1,017)
Movement in Reserves during 2021/2022				
Surplus on the provision of services	(363)	(363)	-	(363)
Other comprehensive income and expenditure	-	-	4,198	4,198
Total comprehensive income and expenditure	(363)	(363)	4,198	3,835
Adjustments between accounting basis and funding basis (note 5)	715	715	(715)	0
Net increase before transfers to / from other statutory reserves	352	352	3,483	3,835
Transfers to / from other statutory reserves	-	-	-	-
Increase / (Decrease) in 2021/2022	352	352	3,483	3,835
Balance as at 31 March 2022	1,479	1,479	1,339	2,818

Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Board during the year. The statement shows how the Board generates and uses cash and cash equivalents by classifying them as either operating, investing or financing activities.

- The level of net cash arising from operating activities is a key indicator of the extent to which the operations of the Board are funded by way of taxation and grant income or from service users and constituent authorities.
- 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.
- There were no financing activities as the board had no requirement to borrow.

Further analysis of movements is provided in the cash flow notes following the statement.

2021/22		2022/23
£000		£000
(363)	Net deficit / (surplus) on the provision of services	(266)
477	Adjust net deficit / (surplus) on the provision of service for non-cash movements	508
1	Adjust for items included in the net deficit / (surplus) on the provision of services that are investing and financing activities	30
115	Net cash flows from operating activities	272
0	Investing Activities	0
115	Net increase or decrease in cash and cash equivalents	272
1,427	Cash and cash equivalents at 1 April	1,542
1,542	Cash and cash equivalents at 31 March	1,814

Cash Flow Statement Note – Non Cash Movements

The balance of non-cash movements is made up of the following elements:

2021/22		2022/23
£000		£000
21	Depreciation, impairment and amortisation of assets	21
(14)	Movement in Debtors	(28)
(223)	Movement in Creditors	63
725	Movement in Pension Liability	503
(31)	Movement in the Employee Statutory Adjustment Account	(16)
-	Movement in the Flexible Working Scheme Adjustment Account	(5)
(1)	Interest received	(30)
477	Net Cash flows from the provision of services for non-cash movements	508

Cash Flow Statement Note – Operating Activities

The cash flows for operating activities include the following items:

2021/22		2022/23
£000		£000
1	Interest received	30
0	Interest paid	0
1	Net cash flows from operating activities	30

Cash Flow Statement Note – Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

2021/22		2022/23
£000		£000
1,542	Short term deposits	1,814
1,542	Total Cash and Cash Equivalents	1,814

Note 1: Accounting Policies

General Principles

Lanarkshire Valuation Joint Board is required to prepare annual accounts by the Local Authority Accounts (Scotland) Regulations 2014, section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. The general policies adopted in compiling and presenting the Accounts are those recommended by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/2023 issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC), supported by International Financial Reporting Standards (IFRS). There are no significant departures from those recommendations.

The Annual Accounts has been prepared under the historic cost convention. All accounting policies have been applied consistently.

Debtors and Creditors

Accruals basis

The Comprehensive Income and Expenditure Statement is compiled on an accruals basis. Income and expenditure activities are accounted for in the year in which they take place, not simply when payments are made or received. Where goods and services have been sold but the income not received by 31 March 2023 or goods have been received but not paid for by 31 March 2023 then the Comprehensive Income and Expenditure Statement has been amended to reflect the outstanding amounts and a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

(i) Debtors

All specific and material sums payable to the Board have been brought into account.

(ii) Creditors

Sundry Creditors are accrued on the basis of payments made during the first three weeks following 31 March 2023; together with specific accruals in respect of further material items.

(iii) Accumulating Compensated Absences

International Accounting Standard 19 (IAS19) states that 'an organisation should account for employment benefits when employees earn them and the authority is committed to providing them, even if the actual provision might be in future years.' All salaries and wages earned up to 31 March 2023 are included irrespective of when actual payments were made. The requirements of IAS 19 have been fully applied in the current year, in respect of annual leave provision, including recognition of the net liability and an accumulating compensated absences reserve in the Balance Sheet and entries in the Comprehensive Income and Expenditure Statement for movements in the liability relating to the scheme.

(iv) Pension Costs

The Board participates, through South Lanarkshire Council, in the Local Government Superannuation Scheme, which is administered by Glasgow City Council.

The cost of providing pensions for employees is charged to the Comprehensive Income and Expenditure Statement in accordance with the statutory requirements governing the particular pension schemes to which the Board contributes.

While the requirements of IAS19 have been fully applied in the current year, the Pension report provide by the actuary has indicated a significant net Asset (a surplus). The significant nature of the Asset has been reviewed, and in line with IFRIC14, the asset has been de-recognised to equate to the level of the asset ceiling, provided by the Fund's actuary. This reflects the net present value of future service costs less the net present value of future obligations over the future working lifetime as at 31 March 2023. This derecognition has been applied through the Comprehensive Income and Expenditure Statement. Previous year budget and expenditure information has been provided to allow comparability.

In assessing liabilities for retirement benefits for the 2022/2023 Annual Accounts (included in the net asset), a discount rate based on the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme was used. The Actuary has advised that a rate of 4.75% per annum is appropriate (2021/2022 – 2.7%).

Actuarial Gains and Losses – changes in the net pension asset / liability that arise because of events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pension Reserve.

(v) Allocation of Central Support Expenses

The allocation of Central Support Expenses is the cost of those South Lanarkshire central support departments which provide a service to the Board. The individual support departments are Administration Services, Personnel, Information Technology and Finance Services. The method of allocation is determined by each individual department and in most instances is a time-based allocation of employee costs or the recharge of actual costs incurred. The recharge is made on a consistent basis.

(vi) Borrowing Facilities

The Board is a separate legal entity and has South Lanarkshire Council as its lead authority. The loans' fund of South Lanarkshire Council acts as banker to the Board and consequently lends or borrows according to the required cash flow and activities of the Board.

(vii) Financial Instruments

Where an instrument has a maturity of less than 12 months the fair value is taken to be the principal outstanding.

Creditors due within 12 months are not classed as a financial instrument.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Board as a result of past events (for example, software licences) is capitalised when it is expected that it will bring benefits to the Board for more than 12 months.

Intangible Assets are measured at cost. The depreciable amount of an intangible asset is amortised over its useful life in the Comprehensive Income and Expenditure Statement. The useful life of these assets is deemed to be 1-5 years. The Board has no Intangible Assets.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

The Board as Lessee – Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense for the use of the leased property, plant or equipment.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of services or administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that merely maintains the condition of an asset e.g. repairs and maintenance is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price.

- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

- other land and buildings – fair value, determined by the amount that would be paid for the asset in its existing use (existing use value – EUV).
- vehicles, plant and equipment – where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets and is calculated on the following bases:

- other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (other buildings 10 – 40 years).
- vehicles, plant and equipment – straight line allocation over the useful life of the asset (5 – 20 years).
- over the term of the remaining lease of David Dale House.

Note 2: Prior Period Adjustments

There are no prior period adjustments included within the 2022/2023 Annual Accounts.

Note 3: Accounting Standards Issued but Not Adopted

The Accounting Code of Practice requires the Board to disclose information relating to the impact of an accounting change that is required by a new standard that has been issued but not yet adopted.

For this disclosure, the standards introduced by the 2023/2024 Code, which are required to be applied by 1 April 2023, and will be adopted by the Board on 1 April 2023:

- Definition of Accounting Estimates (amendments to IAS 8). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- Disclosure of Accounting Policies (amendment to IAS 1) This requires organisations to disclose their material accounting policy information rather than their significant accounting policies.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). The main change is an exemption from the initial recognition exemption.

The amendments are effective for annual periods beginning on or after 1 January 2023 and there is therefore no impact on the 2022/23 financial statements.

- The implementation of IFRS 16 for Lease Accounting which should have been adopted with effect from 1 April 2022 has now been deferred until 1 April 2024 with local government bodies having the option to adopt earlier if they decide to do so. This standard replaces IAS 17 and removes the operating classification for leases, eliminating the ability for organisations to keep operating leases off balance sheet, by reporting them as a note to the accounts. With the new standard all leases will be considered finance leases unless they meet the specific exception criteria. The Board has opted to defer implementation until 1 April 2024

Adoption of the standards by the Board on 1 April 2023 is not expected to have any impact on the financial statements.

Note 4: Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the Board is obliged to highlight whether it 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:

- In assessing the potential for significant costs arising from Valuation Appeal Panels, the Board has considered its level of exposure as low and therefore no provision for an outflow of money has been made.
- The Accounts have been prepared on a going concern basis as it is expected that despite the uncertainty around future local government funding, a medium-term Financial Strategy has been developed in conjunction with the Boards constituent authorities. This gives certainty regarding the medium-term financial outlook and the level of service provision.
- If a Pension Scheme was in deficit (a liability), this would be recognised in the Accounts. Conversely, if the Pension scheme was in a surplus (an Asset), in line with IFRIC14, this would not be recognised. The surplus/deficit is arrived at by obtaining a valuation from the actuary. In the event of a surplus, consideration is given to whether it can be recognised based on whether the surplus can be recovered, or the contributions can be reduced. It is believed that under the agreement with Strathclyde Pension Fund, such a surplus cannot be recovered.

Note 5: Notes to the Expenditure and Funding Analysis - Adjustments Between Funding and Accounting Basis

	2022/23	2022/23	2022/23	2022/23
	Adjustments for Capital Purposes (note a) £000	Net Change for the Pensions Adjustments (note b) £000	Other Differences (note c) £000	Total Adjustments between Funding and Accounting Basis £000
Employee Costs	-	555	(16)	539
Property Costs	-	-	-	-
Supplies and Services	-	-	-	-
Transport and Plant	-	-	-	-
Administration Costs	-	(24)	-	(24)
Payments to Other Bodies	-	-	-	-
Financing Charges	21	-	-	21
Total Expenditure	21	531	(16)	536
Income	-	-	-	-
Net Cost of Services	21	531	(16)	536
Financing and Investment Income and Expenditure	-	(28)	-	(28)
Surplus or Deficit	21	503	(16)	508

	2021/22	2021/22	2021/22	2021/22
	Adjustments for Capital Purposes (note a) £000	Net Change for the Pensions Adjustments (note b) £000	Other Differences (note c) £000	Total Adjustments between Funding and Accounting Basis £000
Employee Costs	-	701	(31)	670
Property Costs	-	-	-	-
Supplies and Services	-	-	-	-
Transport and Plant	-	-	-	-
Administration Costs	-	(27)	-	(27)
Payments to Other Bodies	-	-	-	-
Financing Charges	21	-	-	21
Total Expenditure	21	674	(31)	664
Income	-	-	-	-
Net Cost of Services	21	674	(31)	664
Financing and Investment Income and Expenditure	-	51	-	51
Surplus or Deficit	21	725	(31)	715

Note a – Adjustment for Capital Purposes

This column adds in depreciation and impairment and revaluation of gains and losses in the financing charges line.

Note b – Net Change for the Pensions Adjustment

Net change for the removal of pension contributions and the addition of IAS19 Employee benefits pension related expenditure and income:

- For Employee Costs and Administration Costs this represents the removal of the employer contributions made by the Board as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and Investment Income and Expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Note c – Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable /receivable to be recognised under statute:

- For Employee Costs this represents the accrual made for the cost of holiday/leave entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. These require to be included within the Net Cost of Services under generally accepted accounting practices, however, are not chargeable to the General Fund.

Note 6: Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Board in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Board to meet future revenue expenditure.

Useable Reserves		
	£000	£000
	2022/23	2021/22
Adjustments to Revenue Resources		
Pension Costs (transferred to (or from) the Pensions Reserve	1,480	(3,473)
Holiday Pay (transferred to the Employee Statutory Adjustment Account)	(16)	(31)
Reversal of entries in the surplus or deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	21	21
Total Adjustments to Revenue Resources	1,485	(3,483)
Adjustments between Revenue and Capital Resources		
Capital expenditure finance from revenue balances (transfer to Capital Adjustment Account)	0	0
Total Adjustments between Revenue and Capital Resources		0
Total Adjustments	1,485	(3,483)
Total Comprehensive Income and Expenditure	(1,243)	3,835
Net Increase / (Decrease) before transfers to / from Reserves	242	352
Increase / (Decrease) in year	242	352

Note 7: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Annual Accounts contain 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 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Items	Uncertainties	Effect if Actual Results Differ from Assumptions
Pension Asset	Estimation of the net asset depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, commissioned by Strathclyde Pension Fund, is engaged to provide the Board with expert advice about the assumptions to be applied.	<p>The effect on the net pension asset of changes in individual assumptions can be measured. E.g. a 0.1% decrease in the discount rate assumption would result in a decrease in the pension asset of £0.416m. The assumptions interact in complex ways. During 2022/2023, the actuaries advised that the net pension asset had increased by: £12.593m attributed to the updating of financial assumptions; increased by £0.221m attributable to changes in demographic assumptions; and decreased by £1.330m due to other experience. The net asset had decreased by £1.403m due to the expected return on pension fund assets.</p> <p>In line with IFRIC14, while there is a net asset, an asset ceiling has been applied to the Balance Sheet.</p>

Note 8: Events after the Balance Sheet

The audited Annual Accounts were authorised for issue by the Treasurer of Lanarkshire Valuation Joint Board on 4 December 2023. There were no events that occurred between 1 April 2023 and the date that the Annual Accounts were authorised for issue that would have an impact on the financial statements.

Note 9: Contingent Liabilities

Pensions

A circular from the Scottish Public Pensions Agency (Local Government Pension Scheme 2020/04) refers to a ruling that same-sex survivors were originally entitled to survivor benefits, taking into account the member's service from 6 April 1978. Following the Goodwin Tribunal, regulatory amendments will now need to be made with effect from the same date to extend that entitlement to male survivors of female members. While this could have a financial impact on future years' costs, and the impact cannot yet be quantified, current information from the Board's actuaries suggests that any impact is likely to be minimal. Given the uncertainty, and the expected immaterial nature of any potential impact, no provision has been made in the Accounts.

The Board's actuaries also highlighted an awareness of 2 other court cases which may impact on pension benefits in the future. The first was the Walker case where it was ruled that surviving spouses in same sex marriages should be entitled to the same benefits as those in different sex marriages and also the O'Brien case where it was ruled that recognition of part time benefits should apply to service for the period prior to 7 April 2000. The actuaries understanding is that these are unlikely to be significant judgements in terms of impact on future pension obligations of Employers. Again, given the uncertainty, and the immaterial nature of any potential impact, no provision has been made in the Accounts.

Valuation Appeals

Number of Appeals: Voluminous numbers of appeals have been received in connection with the pandemic with the possibility of additional expenditure in legal costs as a consequence of these appeals. Neither the value nor the timing of these costs can be reliably estimated at this time as legislation drafted by the Scottish Government to assist in dealing with such appeals has yet to be implemented. The Board recognises that a contingent liability may exist in respect of potential costs arising from these appeals.

Transfer of the Valuation Appeals Process: The transfer of Valuation Appeal Panel (VAP) activities to the Scottish Courts and Tribunal Service took place on 1 April 2023. This will have no financial impact on the Board as the VAP costs have been removed from the councils' settlements and therefore from the income that the Board receives from the councils.

Note 10: Leases

Operating Leases – Lanarkshire Valuation Joint Board as Lessee: The Board has entered into an operating lease and details are provided across the asset category of Property, Plant and Equipment, and Land and Buildings.

Land and Buildings – the Board leases their offices which have been accounted for as an operating lease. The rent payable in 2022/2023 was £0.093m (2021/2022 £0.093m) The rent payable will increase in August 2025.

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

	2022/23	2021/22
	£000	£000
Not later than one year	93	93
Later than one year and not later than five years	397	387
Later than five years	240	343
Total	730	823

Note 11: Property, Plant and Equipment

	2022/23	2021/22
	£000	£000
Cost or Valuation		
At 1 April	181	181
Additions	0	0
At 31 March	181	181
Accumulated Depreciation		
At 1 April	25	4
Depreciation	21	21
At 31 March	46	25
Net Book Value at 31 March	135	156

Note 12: Intangible Assets

	2022/23	2021/22
	£000	£000
Cost or Valuation		
At 1 April	0	2
Additions	0	0
Derecognition - Disposals	0	(2)
At 31 March	0	0
Accumulated Amortisation		
At 1 April	0	2
Amortisation of Intangible Assets	0	0
Derecognition - Disposals	0	(2)
At 31 March	0	0
Net Book Value at 31 March	0	0

Note 13: Short Term Debtors

The debtors figure comprises prepayments and is analysed as follows:

	2022/23	2021/22
	£000	£000
Information Technology Annual Support and Maintenance	100	71
Membership Fees	0	1
Total	100	72

Note 14: Short Term Creditors

The creditors figure is analysed as follows:

	2022/23	2021/22
	£000	£000
Valuation Appeal Panel – Fees	54	21
Royal Mail – Postal Charges	1	0
North Lanarkshire Council – Convenor / Depute Convenor Salary	4	6
South Lanarkshire Council – Convenor / Depute Convenor Salary	1	-
Accumulated Compensated Absences – Annual Leave	74	95
Other – Employee Cost Accrual	121	102
Registers of Scotland	-	1
Civic Penalties to be refunded	3	-
Adare – Administration Costs	9	0
Total	267	225

Note 15: Related Party Transactions

The Board is required to disclose material transactions with related parties. During the year transactions arose with the following related parties:

	2022/23	2022/23	2021/22	2021/22
	Receipts	Payments	Receipts	Payments
	£000	£000	£000	£000
South Lanarkshire Council	2,102.5	376	2,265	371
North Lanarkshire Council	2,102.5	4	2,106	6
Fife Council	-	-	-	1
Total	4,205	380	4,371	378

The Board occupied the premises at David Dale House, 45 John Street, Blantyre, G72 0JG during 2022/23, and are recharged for the cost of accommodation by South Lanarkshire Council. Included within payments to South Lanarkshire Council is a charge of £0.201m for the lease of office accommodation at David Dale House (2021/22: £0.201m).

Note 16: Defined Benefit Pension Schemes

As part of the terms and conditions of employment, the Board offers retirement benefits. The Board participates in the Local Government Pension Scheme (Strathclyde Pension Fund), a funded defined benefit scheme, administered by Glasgow City Council. The scheme is supported by contributions from both employer and employees.

The 2022/2023 pension reports provided by the actuary indicate an increased Asset (a surplus) for this year (compared to 2021/2022), and in line with IFRIC14, an asset ceiling has been applied. This reduces the Asset from £10.851m to £0.289m and reflects the present value of employer future service costs less the present value of future employer contributions, over the future working lifetime of your active scheme.

Transactions relating to Retirement Benefits

The cost of retirement benefit is recognised in the reported cost of services when it is earned by the Board's employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made against the Board's funding from councils is based on the pension contributions payable by the Board in the year, and an adjustment is made in the Movement in Reserves Statement to this effect.

The following transactions have been made in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement	2022/23	2021/22
	£000	£000
Cost of Services:		
Service cost comprising:		
Current service cost	956	1,109
Past Service Cost (including curtailments)	0	0
Financing and Investment Income and Expenditure		
Net interest expense	(28)	51
Total post-employment benefit charged to the Deficit on the Provision of Services	928	1,160
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
Re-measurement of the net defined benefit liability/(asset) comprising:		
• return on pension fund assets	(1,403)	1,732
• actuarial gains or losses arising on changes in demographic assumptions	221	197
• actuarial gains or losses arising on changes in financial assumptions	12,593	2,311
• actuarial gains or losses arising on changes in other experience	(1,330)	(42)
• other	(10,562)	-
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	(481)	4,198
Net Charge to the Surplus/Deficit on the Provision of Services brought forward	928	1,160
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	(503)	(725)
Actual amount charged against the General Fund balance for pensions in the year:		
• employers' contributions payable to the scheme	425	435

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2022/23	2021/22
	£000	£000
Present value of the defined obligation	(21,526)	(31,554)
Fair value of pension fund assets	32,377	32,827
De-Recognition of Pension Assets (Surplus) to Asset Ceiling	(10,562)	-
Present Value of the Unfunded Liability Accounted for Separately	(496)	-
Net asset / (liability) arising from defined benefit obligations	(207)	1,273

A reconciliation of the Board's share of the present value of the Fund's defined obligation is as follows:

	2022/23	2021/22
	£000	£000
Opening Balance at 1 April	(31,554)	(32,593)
Current Service Cost	(956)	(1,109)
Interest Cost	(859)	(659)
Contributions by scheme participants	(138)	(142)
Re-measurement gains / (losses)		
actuarial gains / (losses) arising on changes in demographic assumptions	221	197
actuarial gains / (losses) arising from changes in financial assumptions	12,593	2,311
actuarial gains / (losses) arising from changes in other experience	(1,330)	(42)
Past service gains / (losses)	-	-
Settlements and curtailments	-	-
Estimated Unfunded benefits paid	26	25
Estimated Benefits paid	471	458
Closing Balance at 31 March	(21,526)	(31,554)

A reconciliation of the movement in the Board's share of the fair value of the Fund's assets is as follows:

	2022/23	2021/22
	£000	£000
Opening Fair Value of Pension Fund Assets	32,827	30,393
Interest Income	887	608
Re-measurement gains and (losses)		
expected return on pension fund assets	(1,403)	1,732
actuarial gains and losses	-	-
other experiences	-	-
The effect of changes in foreign exchange rates	-	-
Contributions by members	138	142
Contributions by the employer	399	410
Contributions in respect of Unfunded Benefits	26	25
Benefits Paid	(497)	(483)
Closing Fair Value of the Scheme Assets	32,377	32,827

Analysis of Pension Fund Assets

			31/03/23			31/03/22
	Quoted prices in active markets	Quoted prices not in active markets	Total	Quoted prices in active markets	Quoted prices not in active markets	Total
	£000	£000	£000	£000	£000	£000
Cash and Cash Equivalents	448	166	614	824	11	835
Equity Instruments	6,322	56	6,378	7,218	16	7,234
Debt Instruments	0	0	0	0	0	0
Real Estate	0	2,670	2,670	0	2,768	2,768
Derivatives	0	0	0	0	0	0
Private Equity	0	7,958	7,958	0	6,426	6,426
Investment Funds	140	14,617	14,757	182	15,382	15,564
Asset Backed Securities	0	0	0	0	0	0
Structured Debt	0	0	0	0	0	0
Total	6,910	25,467	32,377	8,224	24,603	32,827

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, to provide an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme has been assessed by Hymans Robertson LLP, an independent firm of actuaries, with estimates for the Strathclyde Pension Fund being based on the latest valuation of the scheme as at 31 March 2023.

The principal assumptions used by the actuary were:

	2022/23	2021/22
	Years	Years
Mortality Assumptions:		
Longevity at 65 for current pensioners		
Male	19.3	19.6
Female	22.2	22.4
Longevity at 65 for future pensioners		
Male	20.5	21.0
Female	24.2	24.5
Financial Assumptions:		
	%	%
Rate of inflation / pension increase rate	2.95	3.2
Rate of increase in salaries	3.65	3.9
Expected return on assets	(2.3)	7.7
Rate for discounting scheme liabilities	4.75	2.7
Take up option to convert annual pension into retirement lump sum Pre April 2009 / (Post April 2009)	50(75)	50(75)

The estimation of the defined benefit obligation 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 assumes for each change that the assumptions analysed changes while all the other assumptions remain constant:

	Approximate % increase in employer's liability	Approximate monetary amount
Change in assumption at 31 March 2023		£000
0.1% decrease in real discount rate	2%	416
1 year increase in member life expectancy	4%	861
0.1% increase in the salary increase rate	0%	59
0.1% increase in the pension increase rate	2%	363

Asset and Liability Matching Strategy

The Fund has an asset and liability matching (ALM) strategy that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The Fund has matched assets to the pension obligations by investing in long-term fixed interest securities and index linked gilt edged investments with maturities that match the benefits payments as they fall due. A large proportion of the assets relate to equities (78%) and bonds (12%). The scheme also invests in properties (8%) and cash (2%). The comparative year's figures for equities and bonds are 79% and 10% respectively. The ALM strategy is monitored annually or more frequently if necessary.

Impact on the Board's Cash Flow

The objectives of the fund are to keep employers' contributions at a constant a rate as possible. The Fund has an agreed strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating local authorities. Employers' contributions were set at 19.3% for 2022/2023 based on the last triennial valuation completed on 31 March 2020. This same employers' contribution rate (19.3%) has been set for the next year (2023/2024).

The total contributions expected to be made by the Board to the Fund for the year ending 31 March 2024 is approximately £0.399m.

The weighted average duration of the defined benefit obligation for Fund members is 20 years.

Note 17: External Audit Costs

The Board has incurred the following external audit costs:

	2022/23	2021/22
	£000	£000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	9	8
Total	9	8

Note 18: Grant Income

The following Government Grants were received during the year:

	2022/23	2021/22
	£000	£000
Scottish Government Grant – Barclay Funding	698	704
Total	698	704

Note 19: Balance Sheet – Reserves

Unusable Reserves				2022/23				2021/22
	Capital Adjustment Account	Pension Reserve	Employee Statutory Adj. Account	Total	Capital Adjustment Account	Pension Reserve	Employee Statutory Adj. Account	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Opening Balance 1 April	156	1,273	(90)	1,339	177	(2,200)	(121)	(2,144)
Movement in Pension Reserve	-	(1,480)	-	(1,480)	-	3,473	-	3,473
Movement in Annual Leave Accrual	-	-	16	16	-	-	31	31
Capital Expenditure charged against the General Fund	-	-	-	-	-	-	-	-
Charges for Depreciation of Non Current Assets	(21)	-	-	(21)	(21)	-	-	(21)
Amortisation of Intangible Assets	-	-	-	-	-	-	-	-
Closing Balance as at 31 March	135	(207)	(74)	(146)	156	1,273	(90)	1,339

Usable Reserves			2022/23			2021/22
	General Fund Reserve		Total	General Fund Reserve		Total
	£000		£000	£000		£000
Opening Balance 1 April	1,479		1,479	1,127		1,127
Increase / (Decrease) in Reserve	242		242	352		352
Closing Balance as at 31 March	1,721		1,721	1,479		1,479

Note 20: Financing and Management of Liquid Resources

Liquid resources are held by South Lanarkshire Council as lead authority and are available to the Board as required.

Note 21: Comprehensive Income and Expenditure Statement – financing and investment income and expenditure

	2022/23	2021/22
	£000	£000
Pension Interest Cost and Expected Return on Pensions Assets	(28)	51
Total	(28)	51

Note 22: Going Concern

As at 31 March 2023, the Balance Sheet of the Board shows a Net Asset position of £2.071m.

There are statutory arrangements for funding the long-term deficit in respect of the net pension liability and the statutory accumulated absences, as detailed in the Movement in Reserves Statement on page 23, leaving a General Fund Reserve of £1.721m to be carried forward for use in future years. This will be taken into account in future years' budget strategies.

Independent auditor's report to the members of Lanarkshire Valuation Joint Board and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Lanarkshire Valuation Joint Board for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement, Cash Flow Statement, and notes to the financial statements, including significant accounting policies. 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 2022/23 (the 2022/23 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the Lanarkshire Valuation Joint Board as at 31 March 2023 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 2022/23 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 16 March 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the Lanarkshire Valuation Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Lanarkshire Valuation Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Lanarkshire Valuation Joint Board 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 Lanarkshire Valuation Joint Board current or future financial sustainability. However, I report on the Lanarkshire Valuation Joint Board arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

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

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Lanarkshire Valuation Joint Board 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 Lanarkshire Valuation Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the Lanarkshire Valuation Joint Board's operations. The Lanarkshire Valuation Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- using my 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 Lanarkshire Valuation Joint Board;
- inquiring of the Treasurer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the Lanarkshire Valuation Joint Board;
- inquiring of the Treasurer concerning the Lanarkshire Valuation Joint Board's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my 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 my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Lanarkshire Valuation Joint Board's controls, and the nature, timing and extent of the audit procedures performed.

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

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

Reporting on other requirements

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

I have audited the parts of the Remuneration Report described as audited. In my 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.

My 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 my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

Matters on which I am required to report by exception

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

- adequate accounting records have not been kept; or

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Pauline Murray
Audit Scotland
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Edinburgh
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