

## RENFREWSHIRE VALUATION JOINT BOARD

**To:** Renfrewshire Valuation Joint Board

**On:** 15 September 2023

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**Report by:** The Treasurer

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**Heading:** Annual Audit Report on the Annual Accounts 2022/23

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### 1. **Summary**

- 1.1 The unaudited Annual Accounts for 2022/23 were presented to the Renfrewshire Valuation Joint Board (the Board) on 26 May 2023 and submitted for audit by the statutory deadline of 30 June 2023.
  - 1.2 The Local Authority Accounts (Scotland) Regulations 2014 require the audited accounts to be approved for signature no later than 30 September each year.
  - 1.3 Section 10 of the 2014 regulations requires the Board to consider any report made by the appointed auditor before deciding whether to sign the audited accounts. The findings of the appointed auditor, Azets, are presented in the Annual Audit Report, which can be found at Appendix 1.
  - 1.4 There was one material audit adjustment relating to the disclosure of pension figures and disclosures, following receipt of revised actuarial reports relating to the pension “asset ceiling”. There were also minor adjustments and presentational changes. Further detail can be found on pages 31-33 of Appendix 1.
  - 1.5 Following approval, the audited accounts will be submitted to the Convener, Treasurer, and Assessor and Electoral Registration Officer for secure digital signature.
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### 2 **Recommendations**

- 2.1 It is recommended that members:
    - (a) Note the findings of the 2022/23 audit as contained in the Annual Audit Report (Appendix 1); and
    - (b) Approve the 2022/23 Audited Annual Accounts (Appendix 2) for signature.
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# Renfrewshire Valuation Joint Board

## **2022/23 Annual Audit Report to the Board and the Controller of Audit**

September 2023



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# Key messages

This report concludes our audit of Renfrewshire Valuation Joint Board (the “Board”) for the year ended 31 March 2023. This section summarises the key findings and conclusions from our audit.

## Financial statements audit

<b>Audit opinion</b>	<p>The annual accounts are due to be considered by the Board on 15 September 2023 and approved upon completion of the audit.</p> <p>We expect to issue an unqualified independent audit report.</p>
<b>Key audit findings</b>	<p>The Board had appropriate administrative processes in place to prepare the annual accounts and the supporting working papers. We have obtained adequate evidence in relation to the key audit risks identified in our audit plan.</p> <p>The accounting policies used to prepare the financial statements are considered appropriate. We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the financial statements. All material disclosures required by relevant legislation and applicable accounting standards have been made appropriately. This is subject to the completion of the final audit senior management review.</p>
<b>Audit adjustments</b>	<p>The Board has updated the financial statements for all the potential audit adjustments identified during the audit process.</p> <p>We also identified a small number of disclosure and presentational adjustments during our audit. As part of our completion procedures, we will confirm these have been reflected in the final set of financial statements.</p>

**Accounting  
systems  
and internal  
controls**

We have applied a risk-based methodology to the audit. This approach requires us to document, evaluate and assess the Board's processes and internal controls relating to the financial reporting process.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we include these in this report. We consider the control environment within the Board to be satisfactory.

## Wider scope and Best Value audit

### Financial Sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the Board is planning effectively to continue to deliver its services.

### Auditor judgement



Renfrewshire Valuation Joint Board's revised revenue budget for 2023/24 and indicative budget estimates for the subsequent two years (to 2025/26) show a balanced financial position for the full three years, utilising uncommitted reserves from 2023/24 onwards.

The proposed overall 2023/24 requisition level for member authorities has been retained at the 2022/23 level of £2,342,180 in recognition of the local government funding environment.

This budget also incorporates draft requisition increases of 2% for 2024/25 and 2025/26; these are indicative only and will be kept under review over the next two years. As increases at this level are significantly above the movement in the local government settlement, they are recognised as being challenging for councils to fund.

Renfrewshire Valuation Joint Board's financial plans are subject to ongoing review and development. The application of reserves to support service delivery offers a potential short-term solution for existing funding gaps identified between 2023/24 to 2025/26. However, it does not achieve a sustainable financial plan to address the potential future funding gaps from 2026/27.

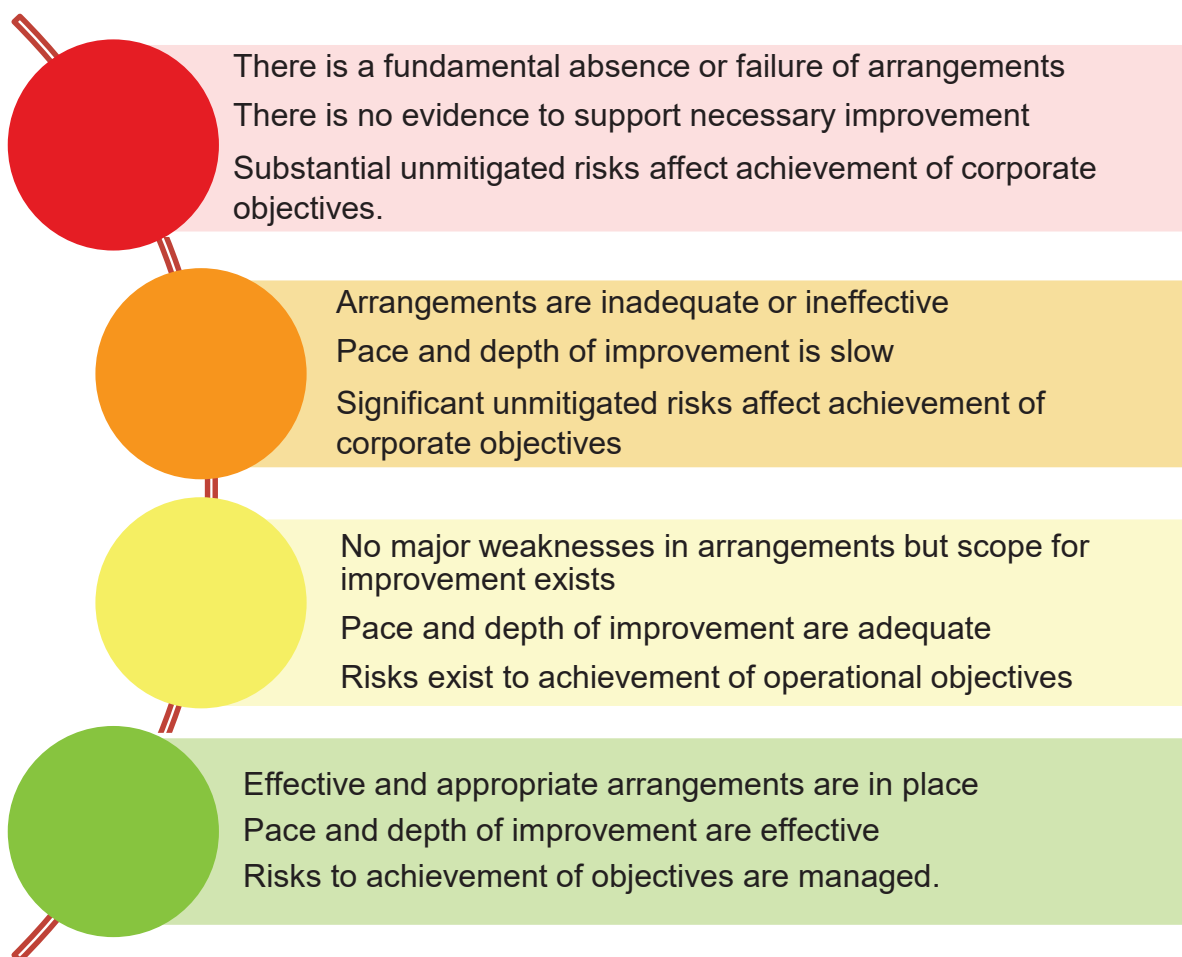
The development of future financial plans, on a timely basis and aligned to the Strategic Service Plan, is critical to Renfrewshire Valuation Joint Board demonstrating and achieving financial sustainability. Revenue Estimates for 2024/25 to 2026/27 will be revised in February 2024.

## Annual Governance Statement

We are content that the Annual Governance Statement reflects the position within Renfrewshire Valuation Joint Board and overall, we found the organisation to have appropriate governance arrangements. Our audit has not identified any issues or non-compliance from the work performed on the Annual Governance Statement.

## Definition

We use the following gradings to provide an overall assessment of the arrangements in place as they relate to the wider scope and best value areas. The text provides a guide to the key criteria we use in the assessment, although not all of the criteria may exist in every case.



# Introduction

The annual audit comprises the audit of the financial statements and the wider-scope and Best Value audit responsibilities set out in the Code of Audit Practice.

We outlined the scope of our audit in our External Audit Plan, which we presented to the Board at the outset of our audit. We have not made any subsequent changes to the risks outlined in that plan.

## Responsibilities

The Board is responsible for preparing its annual accounts, including financial statements which show a true and fair view, and for implementing appropriate internal control systems. The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist. Communication in this report of matters arising from the audit or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on, the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to thank all management and staff for their co-operation and assistance during our audit.

## Auditor independence

International Standards on Auditing in the UK (ISAs (UK)) require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We confirm that we complied with the Financial Reporting Council's (FRC) Ethical Standard. In our professional judgement, we remained independent, and our objectivity has not been compromised in any way.

We set out in Appendix 1 our assessment and confirmation of independence.

## Adding value

All our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. We add value by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to promote improved standards of governance, better management and decision making and more effective use of public money.



Any comments you may have on the service we provide would be greatly appreciated. Comments can be reported directly to any member of your audit team.

### Openness and transparency

This report will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

# Annual accounts audit

The Board's annual accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

## Our audit opinion

Opinion	Basis for opinion	Conclusions
Financial statements	<p>We conduct our audit in accordance with applicable law and International Standards on Auditing.</p> <p>Our findings / conclusions to inform our opinion are set out in this section of our annual report.</p>	<p>The draft financial statements, management commentary, remuneration report and corporate governance statement were considered by the Board and approved on 26 May 2023.</p> <p>We expect to issue an unqualified audit opinion on the annual accounts subject to completion of final checks on potential post-balance sheet events.</p> <p>We identified a number of non-trivial errors during our audit of the financial statements, as set out in Appendix 2. Management agreed to amend the draft financial statements for the errors identified.</p> <p>We received the draft annual accounts and supporting papers in line with our audit timetable and those draft accounts were of good quality. Further information and revisions were provided promptly where required. Our thanks go to the Finance team for their assistance with our work.</p>

Opinion	Basis for opinion	Conclusions
<p>Going concern basis of accounting</p>	<p>In the public sector, when assessing whether the going concern basis of accounting is appropriate, the anticipated provision of services is more relevant to the assessment than the continued existence of a particular public body.</p> <p>We assess whether there are plans to discontinue the Board's functions.</p> <p>Our wider scope audit work considers the financial sustainability of the Board.</p>	<p>Our understanding of the legislative framework and activities undertaken by the Board provides us with sufficient assurance that the services provided by the Board will continue to operate for at least 12 months from the signing date.</p> <p>Our audit opinion is unqualified in this respect.</p>
<p>Opinions prescribed by the Accounts Commission:</p> <ul style="list-style-type: none"> <li>Management Commentary</li> <li>Corporate Governance Statement</li> <li>Remuneration Report</li> </ul>	<p>We plan and perform audit procedures to gain assurance that the management commentary, corporate governance statement and the audited part of the remuneration report are prepared in accordance with:</p> <ul style="list-style-type: none"> <li>statutory guidance issued under the Local Government in Scotland Act 2003 (management Commentary);</li> <li>the Delivering Good Governance in Local Government: Framework (corporate governance statement); and</li> <li>The Local Authority Accounts (Scotland) Regulations 2014 (remuneration report)</li> </ul>	<p>We have concluded that:</p> <ul style="list-style-type: none"> <li>the information given in the management commentary is consistent with the financial statements and has been prepared in accordance with relevant statutory guidance.</li> <li>the information given in the corporate governance statement is consistent with the financial statements and has been prepared in accordance with the Delivering Good Governance in Local Government: Framework.</li> <li>the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.</li> </ul>

Opinion	Basis for opinion	Conclusions
Matters reported by exception	<p>We are required to report on whether:</p> <ul style="list-style-type: none"> <li>adequate accounting records have not been kept; or</li> <li>the financial statements and the audited part of the remuneration report are not in agreement with the accounting records; or</li> <li>we have not received all the information and explanations we require for our audit.</li> </ul>	We have no matters to report.

### An overview of the scope of our audit

The scope of our audit was detailed in our External Audit Plan, which was presented to the Board in February 2023. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the Board. This ensures that our audit focuses on the areas of highest risk (the significant risk areas). Planning is a continuous process, and our audit plan is subject to review during the course of the audit to take account of developments that arise.

At the planning stage, we identified the significant risks that had the greatest effect on our audit. Audit procedures were then designed to mitigate these risks.

In our audit, we test and examine information using sampling and other audit techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain evidence through performing a review of the significant accounting systems, substantive procedures and detailed analytical procedures.

### Significant risk areas and key audit matters

Significant risks are defined by auditing standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement. Audit procedures were designed to mitigate these risks.

As required by the Code of Audit Practice and the planning guidance issued by Audit Scotland, we consider the significant risks for the audit that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the audit team (the 'Key Audit Matters'), as detailed in the tables below.

Our audit procedures relating to these matters were designed in the context of our audit of the annual accounts as a whole, and not to express an opinion on individual accounts or disclosures.

Our anticipated opinion on the annual accounts is not modified with respect to any of the risks described below.

### Significant risks at the financial statement level

These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

#### Management override of controls

##### Significant risk description

Management of any entity is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Although the level of risk will vary from entity to entity, this risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk on all audits.

This was considered to be a significant risk and Key Audit Matter for the audit.

**Inherent risk of material misstatement:** Very High

## Management override of controls

### How the scope of our audit responded to the significant risk

#### Key judgement

There is the potential for management to use their judgement to influence the financial statements as well as the potential to override controls for specific transactions.

#### Audit procedures

- Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals.
- Analysing the journals listing and determining criteria for selecting high risk and / or unusual journals.
- Testing high risk and / or unusual journals posted during the year and after the unaudited annual accounts stage back to supporting documentation for appropriateness, corroboration and appropriate approval in line with the Board's journals policy.
- Gaining an understanding of the accounting estimates and critical judgements made by management. We challenged key assumptions and considered the reasonableness and indicators of management bias which could result in material misstatement due to fraud.
- Evaluating the rationale for any changes in accounting policies, estimates or significant unusual transactions.

### Key observations

The work in this area is ongoing. However, to date, we have not identified any indication of management override of controls from our audit work. We did not identify any areas of bias in key judgements made by management. Key judgements were consistent with prior years.

## Significant risks at the assertion level for classes of transaction, account balances and disclosures

Key risk area	
Fraud in non-pay expenditure	
<b>Significant risk description</b>	<p>As most public sector bodies are net expenditure bodies, the risk of fraud is also present in relation to expenditure. There is a risk that expenditure may be materially misstated in the financial statements.</p> <p>This was considered to be a significant risk and Key Audit Matter for the audit.</p> <p><b>Inherent risk of material misstatement:</b></p> <ul style="list-style-type: none"> <li>• Non-pay expenditure (occurrence / completeness): High</li> <li>• Accruals (existence / completeness): High</li> </ul>
<b>How the scope of our audit responded to the significant risk</b>	<p><b>Key judgements</b></p> <p>Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of accruals and expenditure around the year end.</p> <p><b>Audit procedures</b></p> <ul style="list-style-type: none"> <li>• Evaluating the significant non-pay expenditure streams and the design of the key controls in place over accounting for expenditure.</li> <li>• Consideration of the Board's key areas of expenditure and obtaining evidence that expenditure is recorded in line with appropriate accounting policies and the policies have been applied consistently across the year.</li> <li>• Review of accruals around the year end to consider if there is any indication of understatement of balances held through consideration of accounting estimates.</li> </ul>
<b>Key observations</b>	<p>Our work in this area is complete and is under senior management review. To date, we have not identified any issues.</p>

Key risk area	
Valuation of defined benefit pension asset (key accounting estimate)	
<b>Significant risk description</b>	<p>An actuarial estimate of the pension fund asset/liability is calculated on an annual basis under IAS 19 and on a triennial funding basis by an independent firm of actuaries with specialist knowledge and experience. The estimates are based on the most up to date membership data held by the pension fund and have regard to local factors such as mortality rates and expected pay rises with other assumptions around inflation when calculating the liabilities. There is a risk that the assumptions used are not appropriate.</p> <p><b>Inherent risk of material misstatement:</b> Defined benefit pension asset (valuation): High</p>
<b>How the scope of our audit responded to the significant risk</b>	<p><b>Key judgements</b></p> <p>A significant level of estimation is required in order to determine the valuation of pension assets/liabilities. Small changes in the key assumptions (including discount rates, inflation and mortality rates) can have a material impact on the pension asset/liability.</p> <p><b>Audit procedures</b></p> <ul style="list-style-type: none"> <li>• Review of the controls in place to ensure that the data provided from the pension fund to the actuary is complete and accurate.</li> <li>• Reviewing the reasonableness of the assumptions used in the calculation against other local government pension fund actuaries and other observable data.</li> <li>• Agreeing the disclosures in the financial statements to information provided by the actuary.</li> <li>• Considering the competence, capability and objectiveness of the management expert in line with ISA (UK) 500 Audit Evidence.</li> </ul>
<b>Key observations</b>	<p>Our work in this area is ongoing. However, in accordance with the guidance issued on the recognition of the Pension Assets, an adjustment has been identified as detailed in Appendix 2.</p>



## Estimates and judgements

We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the financial statements.

As part of the planning and fieldwork stages of the audit we identified all accounting estimates made by management and determined which of those were key to the overall financial statements. Consideration was given to pension assumptions, income and expenditure accruals, depreciation, amortisation and leases. Other than pension assumptions, we have not determined the accounting estimates to be significant. We revisited our assessment during the fieldwork and completion stages of our audit and concluded that our assessment remained appropriate.

Our audit work consisted of reviewing these key areas for any indication of bias and assessing whether the judgements used by management are reasonable. We have summarised our assessment of this below, categorised between Prudent, Balanced and Optimistic.

Estimates and judgements	
Pensions Assumptions	Auditor judgement: <b>Balanced</b>

An actuarial estimate of the pension fund asset is calculated on an annual basis and on a triennial funding basis by an independent firm of actuaries with specialist knowledge and experience. We have considered the competence, capability and objectivity of the actuary in line with the requirements of ISA (UK) 500 'Audit Evidence'. From this review we did not identify any items which gave us cause for concern over the suitability of the actuary.

We reviewed the reasonableness of the assumptions and source data used in the calculation and the information in the actuarial report for completeness and accuracy against the published pension fund data. Our work included a meeting with the actuary to discuss, scrutinise and review the pensions assumption relevant to Renfrewshire Valuation Joint Board. Our findings and conclusions are included in the significant risk table above.

The Board has disclosed in its annual accounts a sensitivity analysis to help users of the annual accounts understand the judgements management have made about the sources of estimation uncertainty.

## Materiality

Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. A matter is material if its omission or misstatement would reasonably influence the decisions of an addressee of the auditor's report. The assessment of what is material is a matter of professional

judgement and is affected by our assessment of the risk profile of the Board and the needs of users. We review our assessment of materiality throughout the audit.

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to the Board and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Our initial assessment of materiality was £55,500. On receipt of the unaudited financial statements, we reassessed materiality and have increased this to £61,000 in proportion to the increase in Gross Expenditure for 2022/23 financial year. We consider that our updated assessment has remained appropriate throughout our audit.

		£
<b>Overall materiality for the financial statements</b>	100%	61,000
<b>Performance materiality</b>	75%	45,750
<b>Trivial threshold</b>	5%	3,050

## Materiality

Our assessment is made with reference to the Board's gross expenditure. We consider this to be the principal consideration for the users of the annual accounts when assessing financial performance of the Board.

Our assessment of materiality equates to approximately 2% of gross expenditure as disclosed in the 2022/23 unaudited annual accounts.

In performing our audit, we apply a lower level of materiality to the Remuneration Report. Our materiality was set at £5k.

We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our materiality levels set. We perform a greater level of testing on the areas deemed to be at significant risk of material misstatement.

### **Performance materiality**

Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out.

Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceeds overall materiality.

### **Trivial misstatements**

Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

## **Audit differences**

We identified a number of errors in the draft financial statements during our audit. These are set out in more detail in Appendix 2. Management agreed to amend the financial statements for all the errors we identified. The overall impact of the adjustments made on the financial statements was £5.202m.

We also identified a small number of disclosure and presentational adjustments during our audit which have been reflected in the final set of financial statements and are disclosed in Appendix 2.

## **Internal controls**

As part of our work, we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Board. These matters are limited to those which we have concluded are of sufficient importance to merit being reported.

We did not identify any significant control weaknesses during our audit.

## **Follow up of prior year recommendations**

We followed up on progress in implementing actions raised by the predecessor auditor in the prior year as they relate to the audit of the financial statements. Full details of our findings are included in Appendix 3.

## Other communications

### Accounting policies, presentation and disclosures

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies adopted by the Board.

The accounting policies, which are disclosed in the financial statements, are in line with the CIPFA LASAAC Code of Practice and are considered appropriate. The accounting policies used in preparing the financial statements are unchanged from the previous year.

There are no significant financial statements disclosures that we consider should be brought to your attention. All the disclosures required by relevant legislation and applicable accounting standards have been made appropriately. Overall, we found the disclosed accounting policies, and the overall disclosures and presentation to be appropriate.

### Fraud and suspected fraud

We have previously discussed the risk of fraud with management and the Board. We have not been made aware of any incidents in the period nor have any incidents come to our attention as a result of our audit testing.

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose.

### Non-compliance with laws and regulations

As part of our standard audit testing, we have reviewed the laws and regulations impacting the Board. There are no indications from this work of any significant incidences of non-compliance or material breaches of laws and regulations.

### Written representations

We requested written representations from management, and these have been shared with the Board alongside this report, and are due to be approved and signed alongside the financial statements upon completion.

### Related parties

We are not aware of any related party transactions which have not been disclosed.

### Confirmations from third parties

All requested third party confirmations have been received.

# Wider Scope

## Financial sustainability

### Financial Sustainability

Financial sustainability looks forward to the medium and longer term to consider whether Renfrewshire Valuation Joint Board is planning effectively to continue to deliver its services.

### Auditor judgement



Renfrewshire Valuation Joint Board's revised revenue budget for 2023/24 and indicative budget estimates for the subsequent two years (to 2025/26) show a balanced financial position for the full three years, utilising uncommitted reserves from 2023/24 onwards.

The proposed overall 2023/24 requisition level for member authorities has been retained at the 2022/23 level of £2,342,180 in recognition of the local government funding environment.

This budget also incorporates draft requisition increases of 2% for 2024/25 and 2025/26; these are indicative only and will be kept under review over the next two years. As increases at this level are significantly above the movement in the local government settlement, they are recognised as being challenging for councils to fund.

Renfrewshire Valuation Joint Board's financial plans are subject to ongoing review and development. The application of reserves to support service delivery offers a potential short-term solution for existing funding gaps identified between 2023/24 to 2025/26. However, it does not achieve a sustainable financial plan to address the potential future funding gaps from 2026/27.

The development of future financial plans, on a timely basis and aligned to the Strategic Service Plan, is critical to Renfrewshire Valuation Joint Board demonstrating and achieving financial sustainability. Revenue Estimates for 2024/25 to 2026/27 will be revised in February 2024.

## Significant audit risk

Our audit plan identified a significant risk in relation to financial sustainability under our wider scope responsibilities:

### Extract from External Audit Plan - Financial sustainability

In February 2023 the Board considered its revenue budget for 2023/24 and indicative budget estimates for the subsequent two years (to 2025/26).

At the end of the current financial year the Board is estimating a total reserve of £812k which represents c28% of net expenditure or 35% of requisition funding in the year. Staff costs represent the key cost driver for the Board and are budgeted to increase by 3% over the forecast period.

Local authorities' requisitions in 2023/24 will remain at 2022/23 levels and increase slightly in the two years that follow, representing a 4% cumulative increase over the three year period.

To reduce the level of reserves to a more appropriate level and make up for the lower than inflation increases in the requisitions, the Board plans to utilise its reserves and decrease them by £293k over this period. This would leave a balance in reserves of £466k, which represents 15% of net expenditure as at March 2026.

There is a level uncertainty in the above estimates due to:

- Indirect dependence on the Scottish Government annual allocation of funding to local authorities who in turn fund Board activities through requisitions. Funding levels from the Scottish Government beyond 2023/24 are uncertain and impacted by wider economic factors.
- Boards faces cost pressures, particularly in staff cost which represent 76% of gross expenditure. The most recent Bank of England's expectation is that the inflation will fall to 4% at the calendar year end although current levels remain high and around 7%. This increases the risk that staff costs may rise at a higher rate than current budget estimates.

We note that the Board has savings of £51k planned in 2023/24 budget in relation to ICT development reprofiling, property cost reduction, staffing adjustments and other efficiencies.

The Board's medium to longer term financial planning is therefore challenging due to wider economy environment and local government funding uncertainties. The Board is proactive at addressing these by considering its use of reserves and establishing a savings plan.

Our detailed findings on the Board's arrangements for achieving long term financial sustainability are set out below.

### 2022/23 revenue budget

The Comprehensive Income and Expenditure Statement for 2022/23 shows that Renfrewshire Valuation Joint Board spent £3.032 million on the delivery of services, resulting in an accounting deficit of £0.147 million.

The accounting deficit includes certain elements of income and expenditure that need to be accounted for to comply with the Code of Practice on Local Authority Accounting in the United Kingdom (the 2022/23 Code), and which are subsequently adjusted to show their impact on reserves.

Taking account of these adjustments, Renfrewshire Valuation Joint Board reported a surplus of £0.175m, increasing revenue reserves to £0.847m.

At the outset (February 2022), the Board approved a balanced revenue budget. As at 31 March 2023 (financial year-end), net expenditure was £0.175m, comprising gross expenditure of £2.709m, less gross income of (£2.884m). There were only minor movements in the final variances to budget compared to the projected break-even position at Period 11.

The 2022/23 budget approved in February 2022 included a planned drawdown from reserves of £91,000. Based on the final outturn position, the need for this drawdown has been removed and instead a contribution to reserves has occurred.

### Medium term financial plan

Renfrewshire Valuation Joint Board's revised revenue budget for 2023/24 and indicative budget estimates for the subsequent two years (to 2025/26) show a balanced financial position for the full three years, utilising uncommitted reserves from 2023/24 onwards.

	2023/24 £'000	2024/25 £'000	2025/26 £'000
Gross Expenditure	2,959	3,011	3,066
Gross Income	(36)	(36)	(28)
<b>Net expenditure</b>	<b>2,923</b>	<b>2,975</b>	<b>3,038</b>
Core Requisition	(2,342)	(2,389)	(2,436)
Barclay Requisition	(492)	(492)	(492)
Transfer to/(from) Reserves	(89)	(94)	(110)



	2023/24 £'000	2024/25 £'000	2025/26 £'000
<b>Total Funding</b>	<b>(2,923)</b>	<b>(2,975)</b>	<b>(3,038)</b>
<b>Reserves Position</b>			
Opening balance at 1 April	759	670	576
Use of reserves	(89)	(94)	(110)
<b>Closing balance at 31 March</b>	<b>670</b>	<b>576</b>	<b>466</b>
<b>% of Net Expenditure</b>	<b>22.92%</b>	<b>19.35%</b>	<b>15.34%</b>

Key assumptions in the 2023/24 budget and indicative financial plans include;

- A budget provision for pay inflation of 3% for 2023/24 has been included, as well as indicative estimates of 2.5% assumed for 2024/25 and 2025/26;
- Employee turnover is assumed at 4%, meaning that a net 96% of the total required employee cost is budgeted;
- Cost reductions of £51k have been identified;
- Non-pay pressures of £16k have been identified, predominantly for increased utility costs; and
- Legislative changes have been incorporated, resulting in a further reduction in net costs of £25k.

The proposed overall 2023/24 requisition level for member authorities has been retained at the 2022/23 level of £2,342,180 in recognition of the local government funding environment.

This budget also incorporates draft requisition increases of 2% for 2024/25 and 2025/26; these are indicative only and will be kept under review over the next two years. As increases at this level are significantly above the movement in the local government settlement, they are recognised as being challenging for councils to fund.

However, we note that despite those challenges identified above, total usable reserves at 31 March 2023 were £847k, which was higher than anticipated in the initial 2023/24 budget.

Renfrewshire Valuation Joint Board's financial plans are subject to ongoing review and development. The application of reserves to support service delivery offers a potential short-term solution for existing funding gaps identified between 2023/24 to 2025/26. However, it does not achieve a sustainable financial plan to address the potential future funding gaps from 2026/27.



The development of future financial plans, on a timely basis and aligned to the Strategic Service Plan, is critical to Renfrewshire Valuation Joint Board demonstrating and achieving financial sustainability. The Board is proactive at addressing its financial sustainability by considering its use of reserves and establishing a savings plan, and revised revenue estimates for the period 2024/25 to 2026/27 will be considered by the Board in February 2024.

## Annual Governance Statement

Our review of the Annual Governance Statement assessed the assurances which are provided to the Board and management regarding the adequacy and effectiveness of the system of internal control which operated in the financial year. The statement also summarises internal audit findings with the Chief Internal Auditor's assurance statement concluding a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Board's internal control system.

We concluded that the information in the Annual Governance Statement is consistent with the financial statements and complies with the guidance issued by the Scottish Ministers.

# Appendices



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Appendix 1: Responsibilities of the Board and the Auditor

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Appendix 2: Audit differences identified during the audit

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Appendix 3: Follow up of prior year recommendations

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## Appendix 1: Responsibilities of the Board and the Auditor

### Responsibilities of the Board

The Board is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. The Treasurer has been designated as that officer. The Treasurer is responsible for the preparation of the Board's annual accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Area	The Board's responsibilities
<b>Corporate governance</b>	<p>The Board is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Those charged with governance should be involved in monitoring these arrangements.</p>
<b>Financial statements and related reports</b>	<p>The Board has responsibility for:</p> <ul style="list-style-type: none"> <li>• preparing financial statements which give a true and fair view of the financial position of the Board and its expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation;</li> <li>• maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support the balances and transactions in its financial statements and related disclosures;</li> <li>• preparing and publishing, along with the financial statements, an annual governance statement, management commentary (or equivalent and a remuneration report that is consistent with the disclosures made in the financial statements and prepared in accordance with prescribed requirements. The management commentary should be fair, balanced and understandable and also address the longer-term financial sustainability of the Board.</li> </ul> <p>Management is responsible, with the oversight of those charged with governance, for communicating relevant information to users about the Board and its financial performance, including providing adequate disclosures in accordance with the applicable financial</p>

Area	The Board's responsibilities
	<p>reporting framework. The relevant information should be communicated clearly and concisely.</p> <p>The Board is responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of its objectives and safeguard and secure value for money from the public funds at its disposal. The Board is also responsible for establishing effective and appropriate internal audit and risk-management functions.</p>
<b>Standards of conduct for prevention and detection of fraud and error</b>	<p>The Board is responsible for establishing arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct.</p>
<b>Financial position</b>	<p>The Board is responsible for putting in place proper arrangements to ensure its financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> <li>• Such financial monitoring and reporting arrangements as may be specified;</li> <li>• Compliance with statutory financial requirements and achievement of financial targets;</li> <li>• Balances and reserves, including strategies about levels and their future use;</li> <li>• Plans to deal with uncertainty in the medium and long term; and</li> <li>• The impact of planned future policies and foreseeable developments on the financial position.</li> </ul>
<b>Best Value</b>	<p>The Board has a specific responsibility to ensure that arrangements have been made to secure best value. They are responsible for ensuring that these matters are given due priority and resources, and that proper procedures are established and operate satisfactorily.</p>

## Auditor responsibilities

### Code of Audit Practice

The Code of Audit Practice (the Code) describes the high-level, principles-based purpose and scope of public audit in Scotland. The [2021 Code](#) came into effect from 2022/23.

The Code of Audit Practice outlines the responsibilities of external auditors appointed by the Auditor General and it is a condition of our appointment that we follow it.

We have concluded that Renfrewshire Valuation Joint Board is a less complex public body for 2022/23.

### Our responsibilities

Auditor responsibilities are derived from the Code, statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, and guidance from Audit Scotland.

We are responsible for the audit of the accounts and the wider-scope responsibilities explained below. We act independently in carrying out our role and in exercising professional judgement. We report to the Board and others, including Audit Scotland, on the results of our audit work.

Weaknesses or risks, including fraud and other irregularities, identified by auditors, are only those which come to our attention during our normal audit work in accordance with the Code and may not be all that exist.

### Wider scope audit work

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector.

The wider scope audit specified by the Code broadens the audit of the accounts to include additional aspects or risks in areas of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

However, for less complex bodies the wider scope and best value work is limited to:

- a review of the Annual Governance Statement; and
- concluding on the financial sustainability of the body and the services that it delivers over the medium to longer term and; for local government bodies, reporting on the arrangements for securing Best Value.

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### Financial sustainability



Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

#### Auditor considerations

Auditors consider the extent to which audited bodies show regard to financial sustainability. They look ahead to the medium term (two to five years) and longer term (over five years) to consider whether the body is planning effectively so it can continue to deliver services.

---

### Best Value

Appointed auditors have a duty to be satisfied that local government bodies have made proper arrangements to secure best value.

Our work in respect of Renfrewshire Valuation Joint Board's best value arrangements has been integrated into our audit approach, including our work on the wider scope areas as set out within this report.

### Audit quality

The Auditor General and the Accounts Commission require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers. These arrangements recognise the importance of audit quality to the Auditor General and the Accounts Commission and provide regular reporting on audit quality and performance.

Audit Scotland maintains and delivers an [Audit Quality Framework](#).

The most recent audit quality report can be found at <https://www.audit-scotland.gov.uk/publications/quality-of-public-audit-in-scotland-annual-report-202122>

### Independence

The Ethical Standards and ISA (UK) 260 require us to give the Board and fair disclosure of matters relating to our independence. In accordance with our profession's ethical guidance and further to our External Audit Annual Plan issued confirming audit arrangements we have no matters to bring to the Board's attention.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

Our period of total uninterrupted appointment as at the end of 31 March 2023 was one year.

### Audit and non-audit services

The total fees charged to the entity for the provision of services in 2022/23 were as follows. Prior year charges for the predecessor auditor are also shown for comparative purposes:

	Current year	Prior year
Auditor remuneration	£21,500 (base is £20,360)	£6,760
Pooled costs	-	£700
Audit support costs	£770	£360
Sectoral cap adjustment	(£12,330)	-
<b>Total fees</b>	<b>£9,940</b>	<b>£7,820</b>

The FRC's Ethical Standard stipulates that where an auditor undertakes non-audit work, appropriate safeguards must be applied to reduce or eliminate any threats to independence. We have not provided any non-audit services to Renfrewshire Valuation Joint Board.

## Appendix 2: Audit differences identified during the audit

We are required to inform the Board of any significant misstatements within the financial statements presented for audit that have been discovered during the course of our audit. The non-trivial misstatement discovered during the course of our audit which have been adjusted for by management are summarised in the table below.

### Adjusted misstatements

Details of the item corrected following discussions with management is as below.

No	Detail	Assets	Liabilities	Reserves	CIES
		Dr / (Cr)	Dr / (Cr)	Dr / (Cr)	Dr / (Cr)
		£000's	£000's	£000's	£000's
1.	<p>This year's IAS 19 report for the Board with the actuarial results indicated a pension surplus (or pension asset) of £5,202k. This is a significant difference to prior year's pension liability of £335k and was mainly driven by a significant increase in discount rate assumption between the years. The discount rate as at 31 March 2023 has been 4.75% and decreasing the future obligations substantially, which combined with no significant movement in the value of investment assets resulted in a pension surplus.</p> <p>However, the accounting standards require the Board to review the pension surplus and only recognise it to the lower of the surplus or an 'asset ceiling'. A detailed technical guidance on how to calculate the pension asset ceiling had been issued by</p>	(5,202)			5,202



No	Detail	Assets Dr / (Cr) £000's	Liabilities Dr / (Cr) £000's	Reserves Dr / (Cr) £000's	CIES Dr / (Cr) £000's
	Audit Scotland early in July 2023. Following that, we asked the management to calculate the asset ceiling and assess the surplus against it. This resulted in a material adjustment to the accounts and limiting the asset to the asset ceiling value to a nil value, with a £5,202k audit adjustment processed in the accounts.				
2.	Adjustment to reflect the actual figures received from SPFO.	(136)	136		
Net impact on General Fund Reserve					(5,338)
Net impact on net assets					5,338

### Unadjusted misstatements

We identified no unadjusted misstatements during our audit.

### Misclassification and disclosure changes

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the Board.

We identified a small number of reclassification adjustments and some minor presentational issues in the Board's accounts, and these have all been amended by management. Details of all disclosure changes amended by management which following discussions are as below.

No	Detail
1.	<p><u>Minor presentational and disclosure issues</u></p> <p>The audit team have raised minor and presentational issues with management and all recommended changes have been updated.</p>
2.	<p><u>Pension Asset Narrative</u></p> <p>Renfrewshire Valuation Joint Board has updated its pension disclosures to account for the change in pension asset values as detailed in adjustments table above.</p>
3.	<p><u>Creditors Reclassification</u></p> <p>Reclassification adjustment of £25k to reflect incorrect posting against Non-trade Payables, which should have been classified as Trade Payables. Nil impact on the balance sheet, merely a disclosure change.</p>
4.	<p><u>Pension Right Adjustment</u></p> <p>Pension Rights were estimated within the Remuneration Report in the unaudited accounts because the actual figures had not been received from SPFO at the time of writing. These have since been received and updated in the Audited Accounts.</p>

Overall, we found the disclosed accounting policies, significant accounting estimates and the overall disclosures and presentation to be appropriate.

### Impact of prior year unadjusted misstatements

There were no prior year unadjusted misstatements reported in the prior year audit.

## Appendix 3: Follow up of prior year recommendations

We have followed up on the progress the Board has made in implementing the recommendations raised by the previous auditor last year, which were reported as either new or ongoing.

We note one recommendation is ongoing and one is resolved.

### Recommendations raised in 2021/22

<p><b>Related parties</b></p>	<p>There was one audit finding in relation to related parties. Renfrewshire Valuation Joint Board's related parties note was reviewed against the requirements of IAS 24 and Audit Scotland's Good Practice Note. Renfrewshire Valuation Joint Board's process for identifying related parties could be further improved by management by:</p> <ul style="list-style-type: none"> <li>• conducting a review of the register of interest of each Board member against a year-end transaction listing to identify any related party disclosures;</li> <li>• consideration of the interests of close persons or family members of those related to Renfrewshire Valuation Joint Board in the identification of related parties; and</li> <li>• adding a link in the note to signpost to Board members Register of Interests.</li> </ul>
<p>Ongoing</p>	<p>Our work in this area is ongoing however, we note that Renfrewshire Valuation Joint Board have updated the disclosure considerably following this recommendation.</p>
<p><b>Pension Reconciliation</b></p>	<p>There was another finding in relation to a difference in the employer contribution figure recognised in RVJB's ledger and the Hymans Robertson's IAS 19 report.</p> <p>Management should perform a reconciliation for pension contributions at year-end that identifies reconciling differences in order to gain sufficient assurance over the pension figures disclosed per the Hymans Robertson's report/accounts.</p>
<p>Resolved</p>	<p>We have concluded our work around Pensions and are comfortable that the employer's contribution figure per the</p>

### Recommendations raised in 2021/22

ledger versus per the IAS 19 report is not materially  
misstated. We deem this recommendation to be resolved.



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We are an accounting, tax, audit, advisory and business services group that delivers a personal experience both digitally and at your door.

**Accounting | Tax | Audit | Advisory | Technology**

---

**My Ref:** AM/CB  
**Contact:** Alastair MacArthur  
**Telephone Number:** 0300 300 0285  
**E Mail:** alastair.macarthur@renfrewshire.gov.uk



Azets Audit Services  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

Dear Sirs

**Renfrewshire Valuation Joint Board  
Financial Statements for the year ended 31 March 2023**

This representation letter is provided for the purpose of expressing an opinion as to whether Renfrewshire Valuation Joint Board's financial statements present a true and fair view, in all material respects, in accordance with 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).

I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Renfrewshire Valuation Joint Board, the following representations given to you in connection with your audit of Renfrewshire Valuation Joint Board's annual accounts for the year ended 31 March 2023.

**Financial Statements**

- i. Renfrewshire Valuation Joint Board and I have fulfilled our responsibilities for the preparation of Renfrewshire Valuation Joint Board's financial statements in accordance with 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), for being satisfied that they give a true and fair view and for making accurate representations to you.
- ii. I have complied with the requirements of all statutory accounting regulations affecting the accounts of the Renfrewshire Valuation Joint Board, and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The financial statements are free of material misstatements, including omissions.
- iv. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.



**Finance & Resources**  
**Director: Alastair MacArthur CPFA**  
Renfrewshire House, Cotton Street, Paisley PA1 1TT  
[www.renfrewshire.gov.uk](http://www.renfrewshire.gov.uk)



- v. I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and I believe that I have appropriately fulfilled these responsibilities.
- vi. The methods, data and significant assumptions used by us in making accounting estimates, including those measured at fair value, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework. I am satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.
- vii. Renfrewshire Valuation Joint Board has satisfactory title to all assets disclosed in the accounts. I have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities as at 31 March 2023 reflected in the financial statements.
- viii. Except as disclosed in the financial statements:
  - a. there are no unrecorded liabilities, actual or contingent
  - b. none of the assets of Renfrewshire Valuation Joint Board has been assigned, pledged or mortgaged
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- ix. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of applicable law and accounting standards.
- x. All events subsequent to the date of the financial statements and which require adjustment or disclosure have been adjusted or disclosed.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of UK adopted international accounting standards, and as interpreted and adapted by the Code.
- xii. I confirm my estimation of the holiday pay accrual is materially accurate and complete within the financial statements.
- xiii. I have assessed Renfrewshire Valuation Joint Board's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on the Board's ability to continue as a going concern.

#### Information Provided

- xv. I have provided you with:
  - a. access to all information of which I am aware that is relevant to the preparation of the Renfrewshire Valuation Joint Board's financial statements such as accounting records, and all other records requested;
  - b. additional information that you have requested from us for the purpose of your audit; and



**Finance & Resources**  
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Renfrewshire House, Cotton Street, Paisley PA1 1TT  
[www.renfrewshire.gov.uk](http://www.renfrewshire.gov.uk)



- c. unrestricted access to persons within Renfrewshire Valuation Joint Board (via remote arrangements where necessary), from whom you determined it necessary to obtain audit evidence.
- xvi. I have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions undertaken by Renfrewshire Valuation Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.
- xviii. I have disclosed to you the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. I have disclosed to you all information in relation to known fraud or suspected fraud that I am aware of and that affects Renfrewshire Valuation Joint Board and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.
- xx. I have disclosed to you all information in relation to instances of, or allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. I have disclosed to you the identity of Renfrewshire Valuation Joint Board's related parties and all the related party relationships and transactions of which I am aware.
- xxiii. I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- xxiv. I acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as I am aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each Member has taken all the steps that they ought to have taken as a Member in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

### **Annual Governance Statement**

- xxv. I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Renfrewshire Valuation Joint Board's risk assurance and governance framework and I confirm that I am not aware of any significant risks or weaknesses in governance or internal control that are not disclosed within the AGS.





### **Management Commentary**

- xxvi. The disclosures within the Management Commentary fairly reflect my understanding of Renfrewshire Valuation Joint Board's financial and operating performance over the period covered by the financial statements.

### **Remuneration Report**

- xxvii. I am satisfied that the disclosures within the Remuneration report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

### **Approval**

The approval of this letter of representation was minuted by Renfrewshire Valuation Joint Board at its meeting on 15 September 2023.

Yours faithfully



Alastair MacArthur

Treasurer



**Finance & Resources**  
**Director: Alastair MacArthur CPFA**  
Renfrewshire House, Cotton Street, Paisley PA1 1TT  
[www.renfrewshire.gov.uk](http://www.renfrewshire.gov.uk)





# Renfrewshire Valuation Joint Board

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Audited Annual Accounts  
2022/23

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## Management Commentary

The purpose of the Management Commentary is to present an overview of the Renfrewshire Valuation Joint Board's financial performance during the year 2022/23 and to help readers understand its financial position at 31 March 2023. In addition, it outlines the main risks and uncertainties facing the Renfrewshire Valuation Joint Board (the Board) for the financial year 2022/23 and beyond.

## Who we are and what we do

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 East

Renfrewshire, Inverclyde and Renfrewshire Councils (the constituent authorities), working in partnership with other Valuation Joint Boards, councils and professional bodies across Scotland.

Our primary funding comes in the form of requisitions from the three constituent authorities and these are agreed when the Board sets its budget before 1 April each year.

The composition of membership of the Board is determined by the above Order and consists of four Councillors representing East Renfrewshire Council, four representing Inverclyde Council and eight Councillors representing Renfrewshire Council.

At 31 March 2023, these members were:

East Renfrewshire Council	Inverclyde Council	Renfrewshire Council	
A Ireland D MacDonald M Montague A Morrison	P Cassidy (Vice-Convenor) G Brooks J Daisley I Nelson	A Doig (Convener) G Clark B MacFarlane K MacLaren	M MacLaren K Montgomery S Mullin A Steel

## Our Aims

The Board was presented with an update to its current Strategic Service Plan on 10 June 2022. The plan covers the period April 2021 to April 2024.

A copy of Strategic Service Plan can be found at the following link: <http://www.renfrewshire-vjb.gov.uk/Governance/Policies and Plans>.

The Plan outlines the Board's Mission, as follows:

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

Part 3 of the Board's Strategic Service Plan 2021-24 defines six key business objectives, as follows:

Compile the  
Valuation Roll

Maintain the  
Valuation Roll

Compile the  
Electoral  
Register

Maintain the  
Electoral  
Register

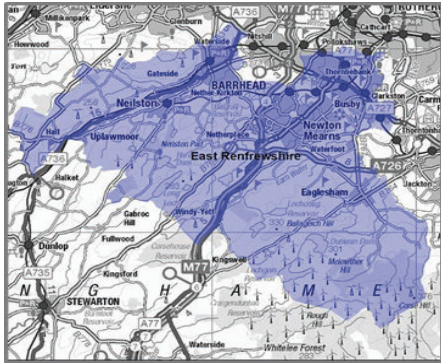
Compile the  
Council Tax  
Valuation List

Maintain the  
Council Tax  
Valuation List

## Our Performance

To put into context the Board's work involved in carrying out our statutory duties and obligations, it may be useful to examine each of the councils separately.

### East Renfrewshire



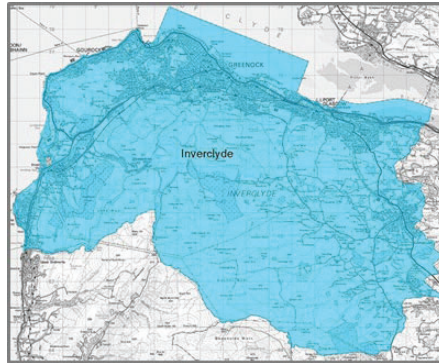
Council Tax	2022/23	2021/22
Properties	40,682	40,205
Proposals / Appeals	81	86
Proposals / Appeals settled	101	123

Revaluation Roll	2022/23	2021/22
Properties	1,751	1,751
Appeals settled	25	5

Running Roll	2022/23	2021/22
Properties	1,843	1,817
Appeals received	30	25
Appeals settled	308	45

	2022/23	2021/22
Population*	96,580	96,060
Population over 16	76,879	76,414
Registered Electors	73,510	73,583

### Inverclyde



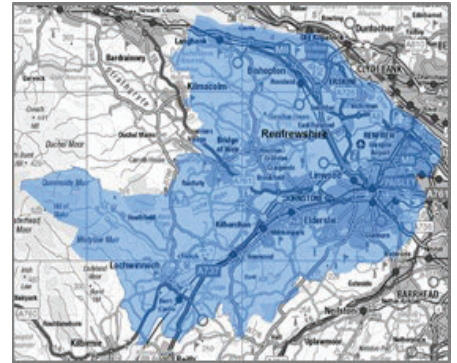
Council Tax	2022/23	2021/22
Properties	39,928	39,672
Proposals / Appeals	41	35
Proposals / Appeals settled	40	70

Revaluation Roll	2022/23	2021/22
Properties	2,345	2,345
Appeals settled	15	7

Running Roll	2022/23	2021/22
Properties	2,419	2,443
Appeals received	27	18
Appeals settled	591	178

	2022/23	2021/22
Population*	76,700	77,060
Population over 16	64,503	64,647
Registered Electors	59,831	60,632

### Renfrewshire



Council Tax	2022/23	2021/22
Properties	90,830	90,100
Proposals / Appeals	126	143
Proposals / Appeals settled	175	215

Revaluation Roll	2022/23	2021/22
Properties	6,503	6,503
Appeals settled	47	9

Running Roll	2022/23	2021/22
Properties	10,033	10,052
Appeals received	121	91
Appeals settled	2,372	145

	2022/23	2021/22
Population*	179,940	179,390
Population over 16	150,156	149,208
Registered Electors	139,848	141,027

\*\* Population estimates are sourced from National Records of Scotland and are based on the mid-2020 data for the 2021 year and the mid-2021 data for the 2022 year shown above [Mid-Year Population Estimates | National Records of Scotland \(nrscotland.gov.uk\)](https://www.nrscotland.gov.uk/mid-year-population-estimates).

For a full analysis of the Board's performance, please see the Annual Public Performance Report, which was presented to the Board on 26 May 2023. Performance information is updated at every meeting of the Board.

## Review of the Year

One of the early challenges during 2022/23 was the delivery of the Scottish Local Government Elections which took place on 5 May 2022. Preparations for this began in late 2021 and work continued through Polling Day and beyond. Working in conjunction with the Returning Officers for each local authority, the Elections were delivered successfully.

Following the Local Government Election, a new Joint Board was in place with Councillors Doig and Cassidy being appointed Convenor and Vice Convenor respectively at the first meeting on 10 June 2022.

Shortly after the Local Government Elections, the Annual Electoral Canvass took place. This was undertaken using a variety of contact methods including post, email, telephone and personal visits. The Electoral Register was published on 1 December 2022 in line with the legislative requirements.

This year also saw the introduction of provisions from the Elections Act 2022 relating to Voter Identification and the provision for the Electoral Registration Officer to issue Voter Authority Certificates for electors that are registered on the Parliamentary Electoral Register. This went live in January 2023.

During 2022/23 1,585 new houses were added to the Council Tax List; this was a decrease from 2021/22 (1,967), but still above the norm for previous years. Of the new additions, 93% were added to the list within 3 months of existence and almost all within 6 months.

Changes to the Valuation Roll were up on last year with 604 changes being made, this number of changes in more in line with the amount of changes taking place prior to 2020.

Delivery of the 2023 Non-Domestic Revaluation also took place. This involved the analysis of rental, cost and turnover information for the wide variety of properties within the Valuation Roll and the Revaluation of over 14,000 properties. Due to changes introduced by the Non-Domestic Rates (Scotland) Act

2020, for the first time we published a Draft Revaluation Roll on 30 November 2022 and issued Notices to all Proprietor, Tenants and Occupiers within the Draft Revaluation Roll shortly thereafter.

We also expanded the number of valuations available to view at the Scottish Assessors' Association (SAA) portal; these are now able to be viewed for almost 90% of Valuation Roll entries. The Non-Domestic Rates (Scotland) Act 2020 also introduced changes around the definition of properties that are exempt for entry in the Roll by virtue of being in a public park. After investigation, this resulted in 74 new entries being included in the Draft Revaluation Roll.

The 2023 Revaluation Roll was made up on 15 March 2023 and delivered to the local authorities in line with the statutory requirement, and Revaluation Notices were issued to all proprietor tenants and occupiers shown in the Revaluation Roll on 29 March 2023. Preparations were also made to publish the Revaluation Roll on 1 April 2023. The delivery of the Revaluation involved significant staff resource from throughout the organisation and partnership working with the other Scottish Assessors and the Valuation Office Agency.

Preparations were also made ahead of the transfer of duties of the Valuation Appeal Committee to the Scottish Courts and Tribunals Service on 1 April 2023.

During the year there were four complaints received, one of which was partially upheld. The complaints were all dealt with within the timescales required by the Complaints Handling Procedure.

There were eight Freedom of Information requests received during the year, two of which requested a review, and there were no appeals made to the Commissioner. The requests and reviews were all responded to in line with the required statutory timeframe.

During 2022/23 we also received a positive Progress Update Review Report from the Public Records Scotland Act Assessment Team, and we reviewed our Risk Management Strategy.



## Primary Financial Statements

The Annual Accounts are prepared in accordance with the International Accounting Standards Board Framework for the Preparation and Presentation of Financial Statements as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). Under Section 106 of the Local Government (Scotland) Act 1973, joint boards are classed as local authorities.

The Annual Accounts summarise the Board's transactions for the year and its year-end position at 31 March 2023. The Primary Financial Statements include the Comprehensive Income and Expenditure Statement (CIES), the Movement in Reserves Statement (MIRS) and the Balance Sheet.

These statements are accompanied by Notes to the Accounts, which provide more details on the figures shown in the statements and set out the Accounting Policies adopted by the Board.

The cash balance at 31 March 2023 of £100 in the Balance Sheet represents petty cash held by officers of the Board.

## Financial Performance

The Comprehensive Income and Expenditure Statement on page 15 summarises the total costs of providing services and the income available to fund those services.

A summary of the outturn position against the agreed budget is shown on the next page. The Board has returned a surplus of £175k for the financial year 2022/23. This is set against a planned drawdown from reserves (deficit) of £91k, resulting in an in-year favourable variance of £266k.

A significant reason for the underspend is within Employee Costs of (£194k) owing to unfilled vacancies

throughout the year. This also led to an underspend in Transfer Payments, which contains apprenticeship levy associated with payroll costs.

Savings were also experienced within Transport Costs (£11k), due to less staff travel to and from meetings.

An underspend of (£19k) occurred in Property Costs due to lower than budgeted cleaning costs and premises insurance.

Supplies and Services experienced an underspend largely owing to reduced computer maintenance costs in-year; less court activity than expected; and also less stationery purchased throughout the year. A new telephony system was also implemented mid-year resulting in reduced charges.

An overspend within Support Costs was mainly experienced due to a new Service Level Agreement between Renfrewshire Council and RVJB for the period 01 April 2022 to 31 March 2025.

Within Income, New Burdens Funding of £8.8k for 2022/23 was received from UK Government to help support the new obligation of issuing voter identification cards. This funding will continue into 2023/24.

The 2022/23 budget approved in February 2022 included a planned drawdown from reserves of (£91k). Based on the in-year underspend, there was no need for this reserves drawdown and instead a contribution to reserves of £175k will take place.

The surplus shown below excludes accounting adjustments relating to pensions, depreciation and employee absences. These and all accounting differences are detailed in Note 1: Expenditure and Funding Analysis on page 22.

	Budget £	Actual £	Variance (Adv) / Fav £
Employee Costs	2,197,356	2,003,325	194,031
Property Costs	187,530	169,016	18,514
Transport Costs	17,282	5,935	11,347
Supplies and Services	427,850	415,853	11,997
Transfer Payments	22,822	7,391	15,431
Support Costs	98,810	108,041	(9,231)
<b>Total Expenditure</b>	<b>2,951,650</b>	<b>2,709,561</b>	<b>242,089</b>
Requisition Income	(2,834,180)	(2,834,180)	0
Other Income	(26,500)	(50,018)	23,518
<b>Total Income</b>	<b>(2,860,680)</b>	<b>(2,884,198)</b>	<b>23,518</b>
<b>Net (Surplus)/Deficit</b>	<b>90,970</b>	<b>(174,637)</b>	<b>265,606</b>

## The Balance Sheet at 31 March 2023

The Balance Sheet sets out the total net worth of the Board at a snapshot in time. When comparing the net worth of the Board at 31 March 2023 to that of the prior year, an overall increase in net worth of the organisation of £478k can be seen. This is primarily due to the decrease in pension liability explained below.

### Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed in Note 13: Retirement Benefits on page 28. The appointed actuaries have confirmed a net asset position of £5.338m (net liability of £335k 2022/23), an increase of £5.673m, in their assessment of the position of the pension fund. This is largely attributable to the corporate bond yield (upon which the pension discount rate is derived) rise over the past year, which served to reduce the employer's pension obligations and led to the gain on the balance sheet. However, there is a cap on the value of a pension asset that can be reported for accounting purposes. For 2022/23, this adjusts the value of the pension asset shown in the balance sheet to £0.

The appointed actuaries remain of the view that the asset holdings of the Strathclyde Pension Fund and the contributions from employees and employers together with planned increases in employers' contributions provide sufficient security and income to meet future pension liabilities.

A potential change to pension rules is outlined in Note 15: Contingent Liabilities on page 32; however, this has not been reflected in the pension liability reported in the Balance Sheet.

### Reserves at 31 March 2023

The Board had an opening Revenue Reserve at 1 April 2022 of £672k. The core surplus of £175k in the year takes the closing Revenue Reserve position to £847k.

Of this balance, £55k was earmarked for software development (delayed during 2021/22) and a further £24k was also earmarked to fund one-off spend in 2022/23 on economic modelling work related to Fixed Line Telecommunications valuation. These spends have now been incurred in 2022/23 and therefore there are no longer any earmarked balances within the Board's reserves.



## Wider Engagement

During 2022/23, the Electoral Registration Officer, via the Scottish Assessors' Association, made contributions to the Scottish Government consultation on Electoral Reform.

The Scottish Assessors Association also undertook consultations into the valuation of airports and district heating facilities. There was also engagement with a wide variety of groups and industry bodies such as the Scottish Business Ratepayers Group, Scottish Rating Surveyors Forum and the Scottish Courts and Tribunal Service.

## Risks

The maintenance of a Corporate Risk Register ensures that the Board's functions operate effectively under all assessable and identifiable risks. This was most recently reported to the Board by the Assessor & ERO on 24 February 2023 and is reviewed, updated and reported to the Board twice-yearly.

The Corporate Risk Register assesses the likelihood and impact of identifiable risks and provides actions to mitigate or minimise them. The Board's risks have been evaluated using a risk matrix, which involves multiplying the likelihood of occurrence of a risk by its potential impact. For the 24 February Board Meeting, the register had been reviewed in line with our amended risk management strategy. For the first time the evaluation of risk reflects the residual risk, i.e. with the mitigations and controls included in each score. This produces an evaluation of risk as either Low, Moderate, High or Very High. Both High and Very High risks are viewed as significant.

A total of six corporate risks are identified on the Corporate Risk Register. Of these, four are identified as High, and are summarised in the table that follows. There were no risks evaluated as being Very High.

Full details on the risks identified, along with steps being taken to mitigate these were presented in the

Corporate Risk Register Report of 24 February 2023, which can be found by following the Board report link shown at the end of this report.

The first risk noted below reflects the recent turnover in staff and in particular the difficulties experienced in recruiting qualified Valuation staff. This puts added pressure on existing staff and the recruitment process diverts resources away from other tasks.

The remaining risks reflect the general financial climate in local government, along with the increased demands that are being placed on services due to Non-Domestic Rates Reform and Elections Bill and the uncertainty over future funding for these additional duties.

The implementation of the remaining recommendations from the Barclay review will be almost all completed by April 2023, with significant changes to the proposal and appeal system coming into force from 1 April 2023. This change is very wide-ranging and will involve both staff training and IT development for both in house systems and at the SAA portal.

The Non-Domestic property revaluation with effect from 1 April 2023, with the Tone Date (that is the date to which the valuation is tied to) of April 2022 is another significant change to current working practices, as previously the Tone Date was two years prior to a revaluation. However, following on from the Barclay review, a one-year Tone Date and three-yearly revaluations will become the new standard.

The implementation of further aspects of the Elections Act also pose risks for the organisation with the introduction of Voter Authority Certificate in January 2023 being followed by changes to absent voting arrangements and overseas elector eligibility, scheduled for later in 2023. In particular, the changes to absent voting will result in a divergence between the requirements for postal or proxy voters for UK Parliamentary and Local Government electors.

Risk	Likelihood	Impact	Score	Evaluation
The inability to recruit and retain qualified staff risks the Board failing to meet its statutory duties or to maintain service levels. Unsuccessful recruitment drives and resignations increases pressure on existing staff which may lead to high levels of stress . The Management Team and associated staff are continually involved with recruitment which diverts time and resources from normal service delivery.	4	4	16	High
The risk that the Board fails to meet its financial commitments due to budgetary pressures as a result of increased financial pressures on the Board from their constituent authorities and the Scottish Government. This may result in budget and/or staffing set to a level too low to allow an adequate service to be provided and ultimately the inability to discharge our statutory duties.	3	4	12	High
The risk that legislative changes will affect the discharge of statutory duties e.g. the change to three yearly Revaluations with a one year tone date, the move from Valuation Appeal Committees to the Tribunal Service and the effects on our service are unknown. Further changes to Electoral Registration Law, including the implementation of the provisions of the UK Elections Act which introduced Voter ID on the 16th January 2023 and will significantly change the legislation around Absent Votes and Oversea elector eligibility	3	4	12	High
The risk that significant pressure on the Board's Professional Services could potentially lead to statutory duties being breached. The Board's valuation team need to have the relevant knowledge base to carry out their duties and therefore qualified staff need to be retained.	3	4	12	High

## Outlook and Future Plans

Budgeted expenditure for 2023/24 of £2.924m was agreed by the Board on 24 February 2023. Of this, £0.492m is being met from funding related to the implementation of Barclay recommendations.

The Board recognises the difficult financial climate facing local authorities and has continued to seek efficiencies wherever possible. In addition, the 2023/24 requisition was frozen at 2022/23 levels. To support this, a prudent level of reserves use is also planned over the next three years.

This is a dynamic period for the organisation, as legislative changes in both the Non-Domestic Valuation service and the Electoral function have been constant and complex, requiring staff training and new processes to be developed. The Assessor & ERO, along with the management team, will keep all matters under review.

## Conclusion

We would like to take this opportunity to acknowledge the team effort required to produce the accounts and to record our thanks to all the staff involved for their continued hard work and support. Board reports and minutes, including Performance and risk reporting, can be accessed via Renfrewshire Council's website under [Your Council>Agendas and Minutes>Joint Arrangements>Renfrewshire Valuation Joint Board.](#)

**Councillor Audrey Doig**

Convener

**Alastair MacArthur**

Treasurer

**Robert Nicol**

Assessor and Electoral Registration  
Officer

# Statement of Responsibilities for the Annual Accounts

## The Board's Responsibilities

The Board is required to:

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

I confirm that these Annual Accounts were approved for signature by the Board at its meeting on 15 September 2023.

Signed on behalf of Renfrewshire Valuation Joint Board.

**Councillor Audrey Doig**  
Convener

## 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 Code).

In preparing the Annual Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the local authority Accounting Code (in so far as it is compatible with legislation);

The Treasurer has also:

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

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

**Alastair MacArthur**  
Treasurer

# Annual Governance Statement

## Scope of Responsibility

Renfrewshire Valuation Joint Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, 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 overall responsibility, the Joint 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.

## The Board's Governance Framework

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

The Board has put in place a system of internal control designed to manage risk to a reasonable level. Internal control 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 Joint 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 our governance arrangements are summarised below:

- Clearly defined Standing Orders, Scheme of Delegation, Financial Regulations and Tender Procedures,
- Comprehensive business planning arrangements, setting key targets and action plans designed to achieve our corporate objectives,
- Regular public performance reporting,
- Business continuity planning arrangements are in place and regularly reviewed,
- Policies to regulate employee related matters, including the employee code of conduct and disciplinary procedures,
- Arrangements to manage risk, including the risk management strategy and Corporate Risk Register and business continuity plans,
- Clear customer complaints procedures,
- Comprehensive policies and procedures for physical and information security. An anti-fraud and corruption strategy and arrangements supported by a range of policies and guidelines,
- Arrangements supported by a range of policies and guidelines in compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption;
- A register of interest is in place and updated on an annual basis,
- Internal governance review arrangements including a programme of policy and procedure reviews and a governance working group responsible for all governance related matters including, but not limited to, freedom of information, data protection, risk management, business continuity and monitoring of audit actions.

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

- Financial management supported by comprehensive financial regulations and codes,
- Comprehensive budgeting systems, and detailed guidance for budget holders,
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts,
- Setting targets to measure financial and other performance,
- The preparation of regular financial reports that indicate actual expenditure against the forecasts.
- The Chief Finance Officer is the Treasurer who complies with the CIPFA Statement on the Role of The CFO in Public Services.

With Renfrewshire Council being the lead authority, all financial transactions of the Joint Board are processed through the financial systems of the Council and are subject to the same controls and scrutiny as those of Renfrewshire Council. This includes regular reviews by the Chief Auditor of Renfrewshire Council.

## Review of Effectiveness

Members and officers of the Board are committed to the concept of sound governance and the effective delivery of services and take into account comments made by internal and external auditors.

The effectiveness of the governance framework is reviewed annually by the Assessor and Electoral

Registration Officer, including the use of a self-assessment tool covering five key areas of governance. These are:

- Business Planning and Performance Management;
- Internal Control Environment;
- Budgeting, Accounting and Financial Control;
- Risk Management and Business Continuity;
- Conflicts of Interest and whistleblowing.

This self-assessment indicated that the governance framework is being complied with in all material respects.

The Board's internal audit service is provided by the lead authority's internal auditors and operates in accordance with the Public Sector Internal Audit Standards. The lead authority conforms to the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019). Internal Audit undertakes an annual programme following an assessment of risk completed during the strategic audit planning process.

The Chief Auditor provides an annual report to the Board and an independent opinion on the adequacy and effectiveness of the system of internal control.

The Chief Auditor's annual assurance statement concluded that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Board's internal control systems.

The review has not identified any significant governance issues to be reported on for 2022/23 and no actions arising for the 2021/22 governance statement that require to be reported on.

This governance framework has been in place throughout the year. Processes have been refined during the year in light of the prevailing COVID restrictions at the time, taking into account health and safety advice from officers from the lead authority. By the end of 2022/23 required mitigations were minimal and working practices were close to normal.

## Assurance

In conclusion, it is our opinion that the annual review of governance together with the work of internal audit, any comments received from external audit and certification of assurance from the Assessor and Electoral Registration Officer provide sufficient evidence that the principles of good governance operated effectively and the Joint Board complies with its governance arrangements in all material respects.

Systems are in place to continually review and improve the governance and internal control environment. Future actions will be taken as necessary to maintain and further enhance the Board's governance arrangements.

**Councillor Audrey Doig**  
Convener

**Robert Nicol**  
Assessor and Electoral Registration Officer

## Remuneration Report

All information disclosed in the tables in this Remuneration Report will be audited by the Board's appointed auditor, Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

### Remuneration policy for elected members

As noted by the Board on 17 May 2013, since 1 April 2013 the Board has made no remuneration payment to any elected member, nor does it pay any expenses, fees or allowances to elected members.

Furthermore, no recharges have been made by member authorities in relation to elected member remuneration.

### Remuneration policy for senior employees

The Remuneration Policy of the Board is set in reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. The SJNC advised that it would be a matter for each Council to examine the position of other chief officials.

It was agreed at the Board of 24 January 1997 that the salary of the posts of Assessor & ERO be set at a percentage of the Chief Executive of Renfrewshire Council, which is currently 67%. Following a review of Chief Executives' salaries in 2001, it was agreed that this arrangement should continue. This was agreed at a meeting of the Board on 22 November 2002.

2021/22 Total Remuneration £	Name	Post Held	2022/23 Total Remuneration £
55,691	Kate Crawford	Assessor & Electoral Registration Officer until 15 October 2021	0
46,026	Robert Nicol	Assessor & Electoral Registration Officer from 18 October 2021	107,249

### Pension rights

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

From 1 April 2015, benefits are based on career average pay. Pension benefits are based on the pay received for each year in the scheme increased by the increase in the cost of living, as measured by the appropriate index (or indices).

The scheme's normal retirement age is linked to the state pension age for each member.

From 1 April 2009, a five-tier contribution system was introduced, with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009, contributions rates were set at 6% for all non-manual employees.



Renfrewshire Valuation Joint Board  
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Name	Post Held	Accrued Pension Benefits				In-year Employer Contributions	
		As at 31 March 2023		Change from 31 March 2022			
		Pension*	Lump Sum*	Pension	Lump Sum	2022/23	2021/22
		£000	£000	£000	£000	£	£
Robert Nicol	Assessor & Electoral Registration Officer	46	62	3	3	26,812	11,577

Tiered contribution rates on whole time pay 2022/23		Equivalent bandings for 2021/22
Up to £23,000	5.5%	Up to £22,300
£23,001 to £28,100	7.25%	£22,301 to £27,300
£28,101 to £38,600	8.5%	£27,301 to £37,400
£38,601 to £51,400	9.5%	£37,401 to £49,900
Over £51,401	12%	Over £49,901

If a person works part-time, their contribution rate will be based on their part-time pay.

The accrual rate guarantees a pension based on 1/49<sup>th</sup> of the pensionable pay for each year of membership, adjusted in line with the cost of living (prior to 2015 the accrual rate guaranteed a pension based on 1/60<sup>th</sup> of final pensionable salary).

No pension contributions are made by the Board in relation to the Convener or Vice Convener.

## Exit Packages

There were no exit packages committed by the Board in either 2022/23 or 2021/22.

## Remuneration of Employees

The following table shows the number of employees who received remuneration, excluding pension contributions, in excess of £50,000 during 2022/23, in bands of £5,000.

Bands with nil employees in both years are not displayed.

2021/22 Number of employees	Remuneration Band	2022/23 Number of employees
0	£50,000 - £54,999	1
3	£55,000 - £59,999	0
1	£60,000 - £64,999	2
0	£65,000 - £69,999	1
0	£105,000 - £109,999	1
<b>4</b>	<b>Total</b>	<b>5</b>

**Councillor Audrey Doig**  
Convener

**Robert Nicol**  
Assessor and Electoral Registration Officer

# Independent Auditor's Report to the members of Renfrewshire Valuation Joint Board and the Accounts Commission

## Reporting on the audit of the financial statements

### Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Renfrewshire 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 Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, 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 our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the Renfrewshire 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

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of Renfrewshire Valuation Joint Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to Renfrewshire Valuation Joint Board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern basis of accounting

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

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

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

### **Risks of material misstatement**

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

### **Responsibilities of the Treasurer and the Renfrewshire 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 Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing Renfrewshire 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 Renfrewshire Valuation Joint Board operations.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of Renfrewshire 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 Renfrewshire Valuation Joint Board;
- inquiring of the Treasurer concerning Renfrewshire Valuation Joint Board's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Renfrewshire 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Reporting on other requirements**

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

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

### **Other information**

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

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

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

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

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

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that

report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

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

### **Use of our report**

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

Gary Devlin, (for and on behalf of Azets Audit Services),  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

## Comprehensive Income and Expenditure Statement

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

2021/22				Note	2022/23		
Gross Expenditure £	Gross Income £	Net Expenditure £			Gross Expenditure £	Gross Income £	Net Expenditure £
2,392,106	0	2,392,106	Employee Costs		2,257,390	0	2,257,390
198,542	0	198,542	Property Costs		169,016	0	169,016
4,410	0	4,410	Transport Costs		5,935	0	5,935
410,651	0	410,651	Supplies and Services		415,853	0	415,853
7,740	0	7,740	Transfer Payments		7,391	0	7,391
97,286	0	97,286	Support Costs		108,041	0	108,041
51,952	0	51,952	Capital Charges		55,904	0	55,904
0	(26,370)	(26,370)	Other Income		0	(31,515)	(31,515)
<b>3,162,687</b>	<b>(26,370)</b>	<b>3,136,317</b>	<b>Cost of Services</b>		<b>3,019,530</b>	<b>(31,515)</b>	<b>2,988,015</b>
			<b>Financing and Investment Income and Expenditure</b>				
0	(1,424)	(1,424)	Interest receivable		0	(18,503)	(18,503)
52,000		52,000	Pension interest	14	12,000		12,000
			<b>Taxation and Non-Specific Grant Income</b>				
0	(2,773,990)	(2,773,990)	Requisitions from Member Authorities	12	0	(2,834,180)	(2,834,180)
<b>3,214,687</b>	<b>(2,801,784)</b>	<b>412,903</b>	<b>Deficit on the Provision of Services</b>		<b>3,031,530</b>	<b>(2,884,198)</b>	<b>147,332</b>
		(2,485,000)	Actuarial (Gain)/Loss on pension assets	14			(625,000)
		<b>(2,485,000)</b>	<b>Other Comprehensive Income &amp; Expenditure</b>				<b>(625,000)</b>
		<b>(2,072,097)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>				<b>(477,668)</b>

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

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Board, analysed into usable reserves (that is, those reserves that can be applied to fund expenditure) and unusable reserves. The Total Comprehensive Income and Expenditure line shows the cost of providing the Board's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

<b>Movement in reserves in 2022/23</b>	<b>Note</b>	<b>Usable Revenue Reserve £</b>	<b>Unusable Reserves £</b>	<b>Total Reserves £</b>
<b>Balance at 31 March 2022 brought forward</b>		<b>(672,058)</b>	<b>219,412</b>	<b>(452,646)</b>
Total Comprehensive income and expenditure		147,332	(625,000)	(477,668)
Adjustments between accounting basis and funding basis under regulations	5	(321,969)	321,969	0
<b>Increase or (decrease) in year</b>		<b>(174,637)</b>	<b>(303,031)</b>	<b>(477,668)</b>
<b>Balance at 31 March 2023 carried forward</b>		<b>(846,695)</b>	<b>(83,619)</b>	<b>(930,314)</b>

<b>Comparative movements in 2021/22</b>	<b>Note</b>	<b>Usable Revenue Reserve £</b>	<b>Unusable Reserves £</b>	<b>Total Reserves £</b>
<b>Balance at 31 March 2021 brought forward</b>		<b>(675,139)</b>	<b>2,294,591</b>	<b>1,619,452</b>
Total Comprehensive income and expenditure		412,903	(2,485,000)	(2,072,097)
Adjustments between accounting basis and funding basis under regulations	5	(409,820)	409,820	0
<b>Increase or (decrease) in year</b>		<b>3,083</b>	<b>(2,075,180)</b>	<b>(2,072,097)</b>
<b>Balance at 31 March 2022 carried forward</b>		<b>(672,056)</b>	<b>219,411</b>	<b>(452,645)</b>

## Balance Sheet

The Balance Sheet shows the value as at 31 March 2023 of the assets and liabilities recognised by the Board. The net liabilities/assets of the Board (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the Board may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves comprises those that the Board is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets.

2021/22 £		Note	2022/23 £
152,315	Intangible Assets	5	105,909
29,315	Plant and Equipment	7	19,817
<b>181,630</b>	<b>Long-term Assets</b>		<b>125,726</b>
663,702	Funds held by Renfrewshire Council		858,550
28,888	Debtors and Prepayments	8	27,991
100	Cash in Hand		100
<b>692,690</b>	<b>Current Assets</b>		<b>886,641</b>
(86,674)	Creditors and Accruals	9	(82,053)
<b>(86,674)</b>	<b>Current Liabilities</b>		<b>(82,053)</b>
(335,000)	Pension Asset / (Liability)	13	0
<b>(335,000)</b>	<b>Long Term Liabilities</b>		<b>0</b>
<b>452,646</b>	<b>Net Assets / (Liabilities)</b>		<b>930,314</b>
(672,057)	Usable Reserves		(846,695)
219,411	Unusable Reserves	3	(83,619)
<b>(452,646)</b>	<b>Total Reserves</b>		<b>(930,314)</b>

The unaudited accounts were issued on 10 June 2023 and the audited accounts were authorised for issue on 15 September 2023.

**Alastair MacArthur**  
Treasurer



## Note 1: Expenditure and Funding Analysis

This statement shows how annual expenditure is used and funded from resources and provides a reconciliation of the statutory adjustments between the Board's financial performance on a funding basis and the (surplus) or deficit on the provision of service in the Comprehensive Income and Expenditure statement.

<b>2022/23</b>	<b>Net Expenditure chargeable to the Board £</b>	<b>Adjustments for pensions £</b>	<b>Adjustments for capital £</b>	<b>Other adjustments £</b>	<b>Net Expenditure in the CIES £</b>
Employee Costs	2,003,325	278,000	0	(23,935)	2,257,390
Property Costs	169,016	0	0	0	169,016
Supplies and Services	415,853	0	0	0	415,853
Support Costs	108,041	0	0	0	108,041
Transfer Payments	7,391	0	0	0	7,391
Transport Costs	5,935	0	0	0	5,935
Capital Charges	0	0	55,904	0	55,904
Other Income	(50,018)	0	0	18,503	(31,515)
<b>Cost of Services</b>	<b>2,659,543</b>	<b>278,000</b>	<b>55,904</b>	<b>(5,432)</b>	<b>2,988,015</b>
<b>Other income and expenditure</b>	<b>(2,834,180)</b>	<b>12,000</b>	<b>0</b>	<b>(18,503)</b>	<b>(2,840,683)</b>
<b>(Surplus) or deficit on the provision of services</b>	<b>(174,637)</b>	<b>290,000</b>	<b>55,904</b>	<b>(23,935)</b>	<b>147,332</b>

<b>2021/22</b>	<b>Net Expenditure chargeable to the Board £</b>	<b>Adjustments for pensions £</b>	<b>Adjustments for capital £</b>	<b>Other adjustments £</b>	<b>Net Expenditure in the CIES £</b>
Employee Costs	2,066,481	339,000	0	(13,375)	2,392,106
Property Costs	198,542	0	0	0	198,542
Supplies and Services	410,651	0	0	0	410,651
Support Costs	97,286	0	0	0	97,286
Transfer Payments	7,740	0	0	0	7,740
Transport Costs	4,410	0	0	0	4,410
Capital Charges	19,757	0	32,195	0	51,952
Other Income	(27,794)	0	0	1,424	(26,370)
<b>Cost of Services</b>	<b>2,777,073</b>	<b>339,000</b>	<b>32,195</b>	<b>(11,951)</b>	<b>3,136,317</b>
<b>Other income and expenditure</b>	<b>(2,773,990)</b>	<b>52,000</b>	<b>0</b>	<b>(1,424)</b>	<b>(2,723,414)</b>
<b>(Surplus) or deficit on the provision of services</b>	<b>3,083</b>	<b>391,000</b>	<b>32,195</b>	<b>(13,375)</b>	<b>412,903</b>

## Note 2: Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The following new or amended standards are adopted within the 2022/23 Code:

- IFRS 16 Leases
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

There is no material impact anticipated for the Board as a result of these new standards.

Implementation of *IFRS 16: Leases*. has been deferred to 1 April 2024 and there is therefore no impact on the 2022/23 accounts. The impact in future years from the implementation of this standard is that the value of any leased asset, along with the corresponding lease liability, will appear on the balance sheet.

## Note 3: Unusable Reserves

### Pension Reserve

2021/22 £	Pension Reserve	2022/23 £
<b>2,429,000</b>	<b>Opening balance</b>	<b>335,000</b>
(2,485,000)	Actuarial (Gains) / Loss on Pension Assets	(5,963,000)
0	Restriction to pension asset ceiling	5,338,000
391,000	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	290,000
<b>335,000</b>	<b>Closing balance</b>	<b>0</b>

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Board accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Board makes employer's contributions to pension funds.

The credit balance on the Pension Reserve at 31 March 2023 (before the asset cap is applied) indicates a net asset position in the Joint Board's share of Strathclyde Pension Fund resources available to meet the cost of benefits earned by past and current employees. In March 2022 this was a debit balance, indicating a shortfall in Renfrewshire Valuation Joint Board's share of future pension obligations at that time. Statutory arrangements, such as the triennial valuations, ensure that funding will have been set aside by the time that benefits come to be paid.

## Employee Statutory Adjustment Account

2021/22 £	Employee Statutory Adjustment Account	2022/23 £
<b>79,416</b>	<b>Opening balance</b>	<b>66,041</b>
(79,416)	Reversal of prior year accrual for short-term accumulating compensated absences	(66,041)
66,041	Accrual for short-term accumulating compensating absences as at 31 March	42,106
<b>66,041</b>	<b>Closing balance</b>	<b>42,106</b>

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on revenue balances from accruing for short-term accumulating compensated absences at the end of the financial year. Generally accepted accounting practices require that all short-term employee benefits, including accumulating compensated absences, should be recognised as a cost in the accounts for the year to which they relate.

This means that where employees' full holiday entitlement or time in lieu balance has not been taken by the financial year-end, the cost of the untaken days or time is calculated and recorded as an accrued expense. However, statutory arrangements require that the impact of such accrued expenditure on revenue balances is neutralised by transfers to or from the Employee Statutory Adjustment Account.

## Capital Adjustment Account

2021/22 £	Capital Adjustment Account	2022/23 £
<b>(213,824)</b>	<b>Opening balance</b>	<b>(181,629)</b>
5,547	Charges for depreciation of non-current assets	9,498
46,406	Amortisation of intangible assets	46,406
(19,758)	Capital expenditure charged against Revenue balances	0
<b>(181,629)</b>	<b>Closing balance</b>	<b>(125,725)</b>

The Capital Adjustment Account absorbs timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. It is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES and credited with the amounts set aside as finance for these costs.

## Note 4: Adjustments between Accounting Basis and Funding Basis under Regulations

The surplus for the year on the Revenue Reserves was £321,969 higher than the Comprehensive Income and Expenditure Statement result. The table below gives a breakdown of the differences between the income and expenditure included in the Board's Comprehensive Income and Expenditure Statement in accordance with the Code and the amounts that statute and non-statutory proper practice require the Board to debit and credit the Revenue Reserve Balance.

2022/23	Usable Reserves £	Unusable Reserves £
<b>Adjustments primarily involving the Capital Adjustment Account:</b>		
Charges for depreciation of non-current assets	(55,904)	55,904
<b>Adjustments primarily involving the Pension Reserve:</b>		
Net charges made for retirement benefits in accordance with IAS19	(635,000)	635,000
Employers contributions payable to the Strathclyde Pension Fund	345,000	(345,000)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account:</b>		
Net charges for employment short-term accumulating absences	23,935	(23,935)
<b>Total adjustments</b>	<b>(321,969)</b>	<b>321,969</b>

2021/22	Usable Reserves £	Unusable Reserves £
<b>Adjustments primarily involving the Capital Adjustment Account:</b>		
Charges for depreciation of non-current assets	(51,953)	51,953
Capital expenditure charged against Revenue balances	19,758	(19,758)
<b>Adjustments primarily involving the Pension Reserve:</b>		
Net charges made for retirement benefits in accordance with IAS19	(722,000)	722,000
Employers contributions payable to the Strathclyde Pension Fund	331,000	(331,000)
<b>Adjustments primarily involving the Employee Statutory Adjustment Account:</b>		
Net charges for employment short-term accumulating absences	13,375	(13,375)
<b>Total adjustments</b>	<b>(409,820)</b>	<b>409,820</b>

## Note 5: Intangible Assets

2021/22		2022/23		
Total £		Software £	Assets Under Construction £	Total £
	<b>Opening balance</b>			
232,031	Gross carrying amounts	126,850	105,181	232,031
(33,310)	Accumulated amortisation	(79,716)	0	(79,716)
<b>198,721</b>	<b>Net carrying amount at 1 April</b>	<b>47,134</b>	<b>105,181</b>	<b>152,315</b>
0	Additions	0	0	0
(46,406)	Amortisation for the year	(46,406)	0	(46,406)
<b>152,315</b>	<b>Net carrying amount at 31 March</b>	<b>728</b>	<b>105,181</b>	<b>105,909</b>
	Comprising:			
232,031	Gross carrying amounts	126,850	105,181	232,031
(79,716)	Accumulated amortisation	(126,122)	0	(126,122)
<b>152,315</b>		<b>728</b>	<b>105,181</b>	<b>105,909</b>

## Note 6: Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the prior year is shown in the following table, together with the resources that have been used to finance it. There was no new capital expenditure in 2022/23.

The Capital Financing Requirement (CFR) is a measure of the capital expenditure incurred historically by the Board that has yet to be financed.

2021/22 £		2022/23 £
0	<b>Opening CFR</b>	0
	<b>Capital investment</b>	
19,758	Plant and Equipment	0
	<b>Sources of finance</b>	
(19,758)	Direct revenue contributions	0
0	<b>Closing CFR</b>	0

## Note 7: Plant and Equipment

2021/22 £	Plant and Equipment	2022/23 £
	<b>Cost or Valuation</b>	
129,026	<b>Opening balance at 1 April</b>	148,784
19,758	Additions	0
148,784	<b>Gross Book Value at 31 March</b>	148,784
	<b>Depreciation and Impairment</b>	
(113,922)	<b>Accumulated depreciation at 1 April</b>	(119,469)
(5,547)	Depreciation charge for year	(9,498)
(119,469)	<b>Accumulated depreciation at 31 March</b>	(128,967)
15,104	Opening Net Book Value	29,315
29,315	<b>Closing Net Book Value</b>	19,817

## Note 8: Debtors

2021/22 £		2022/23 £
28,888	Prepayments	27,991
0	Other receivable amounts	0
28,888	<b>Total short-term debtors</b>	27,991

## Note 9: Creditors

2021/22 £		2022/23 £
0	Trade payables	(24,678)
(86,674)	Other payables	(57,375)
(86,674)	<b>Total short-term creditors</b>	(82,053)

## Note 10: Operating Leases

2021/22 £	Future Minimum Lease Payments	2022/23 £
97,000	Not later than one year	97,000
97,000	Between one and five years	0
194,000	<b>Total</b>	97,000

The Board acquired office accommodation at the Robertson Centre in Paisley by entering into an operating lease that ends in 2024. The Council has intimated that the lease will not be extended beyond this date and therefore alternative premises are currently being pursued.

## Note 11: Related parties

Related parties are those bodies or individuals that have the potential to control or significantly influence the Board, or to be controlled or significantly influenced by the Board.

The Board is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties. Related party relationships require to be disclosed where control exists, irrespective of whether

there have been transactions between the related parties.

Disclosure of this information allows readers to assess the extent to which the Board might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Board.

## Elected members and senior officers

Members of the Joint Board and senior officers have control over the Board's financial and operating policies. They have the responsibility to adhere to a Code of Conduct, requiring them to declare an interest in matters that directly or indirectly influence, or appear to influence, their judgement or decisions taken during the course of their work. The total senior officers' remuneration allowances paid in 2022/23 is shown in the Remuneration Report on page 13.

There is no specific remuneration paid to elected members by the Board.

The Board consist of the following elected members at 31 March 2023:

East Renfrewshire Council	A Ireland
East Renfrewshire Council	D MacDonald
East Renfrewshire Council	M Montague
East Renfrewshire Council	A Morrison
Inverclyde Council	G Brooks
Inverclyde Council	P Cassidy (Vice-Convener)
Inverclyde Council	J Daisley
Inverclyde Council	I Nelson
Renfrewshire Council	G Clark
Renfrewshire Council	A Doig (Convener)
Renfrewshire Council	B MacFarlane
Renfrewshire Council	K MacLaren
Renfrewshire Council	M MacLaren
Renfrewshire Council	K Montgomery
Renfrewshire Council	S Mullin
Renfrewshire Council	A Steel

## Elected member interests in related parties

Under the relevant Codes of Conduct, elected members and senior officials must declare any registered interests in any bodies or organisations.

Each member's Register of Interest is available on their respective Council's websites. You can find this within each individual councillor's details. For each constituent authority, this information can be found at the following links:

- East Renfrewshire Council [Councillors - East Renfrewshire Council](#)
- Inverclyde Council [Councillors - Inverclyde Council](#)
- Renfrewshire Council [Councillors - Renfrewshire Website.](#)

## Key Related Parties – member authorities

The member authorities of the Board are East Renfrewshire Council, Inverclyde Council and Renfrewshire Council. They contributed requisitions in the following proportions to enable the Board to carry out its objectives.

2021/22 £	Council	%	2022/23 £
573,275	East Renfrewshire	20.5%	580,444
639,191	Inverclyde	21.8%	618,740
1,561,524	Renfrewshire	57.7%	1,634,996
<b>2,773,990</b>	<b>Total</b>	<b>100.0%</b>	<b>2,834,180</b>

As approved by the Board in February 2000, the relative allocation of the requisition across constituent authorities is adjusted each year in line with relative proportions of Grant Aided Expenditure as issued by the Scottish Government.

Renfrewshire Council is the lead authority of the Board, providing Treasurer and Clerking services, as well as support services, such as HR, Legal and

Internal Audit. The Board has a Service Level Agreement with Renfrewshire Council that sets out how much this support should cost each year. In 2022/23, the Board paid Renfrewshire Council £87,850 for support services (£79,150 in 2021/22).

During 2022/23, the Board paid Renfrewshire Council a further £157k in relation to rent, business rates, refuse collection, contract cleaning and telephony services.

The Board received £18k from Renfrewshire Council for interest earned on cash balances (reserves) held by the Council on behalf of the Board.

There were no further material transactions between the Board and its member authorities.

## Property Recharges

Property recharges of £16.6k were charged to One Ren in relation to their occupancy of part of the Robertson Centre. The property charges were conducted under standard terms and conditions and no guarantees have been applied.

## Other public bodies

The Board paid Clackmannanshire Council £13.2k in 2022/23 in connection with access to the Scottish Assessors' online portal.

Strathclyde Pension Fund is the principal administrators of the post-retirement funds held on behalf of the current and former employees of the Board. Information about transactions during the year and outstanding assets and liabilities in relation to the Board's pension fund can be found in Note 13: Retirement Benefits.

The Board received income from the UK Government Department of Levelling Up, Housing and Communities of £8.8k in relation to implementation of Voter Identification, as outlined in the Management Commentary.

## Note 12: External audit costs

2021/22 £		2022/23 £
7,820	Fees payable with regard to external audit services carried out by the appointed auditor	9,940
<b>7,820</b>		<b>9,940</b>

## Note 13: Retirement Benefits

As part of the terms and conditions of employment of its employees, the Board offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Board has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The scheme for employees is the Strathclyde Pension Fund which is administered by Glasgow City Council. This is a funded defined benefit scheme meaning that the Board and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liability with investment assets.

### 13a: Transactions relating to retirement benefits

The cost of retirement benefits is recognised in Gross Expenditure when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made in the accounts is based upon pension contributions payable by the Board in the year, and an adjustment is made within the Movement in Reserves Statement to replace the cost of retirement benefits with employers' contributions.

The principal risks to the scheme are assumptions relating to longevity, inflation, and investment performance; in addition, statutory changes to the scheme. These risks are mitigated to an extent by



statutory requirements limiting charges to the Board's reserves.

Current service cost is the cost of future entitlements to pension payments to current employees.

Past service cost is the estimated increase in liabilities arising from current year decisions that relates to years of service earned prior to this year.

Net Interest is an actuarial adjustment to the inflation element in the cost of funding current and future pension obligations. This is the expected increase during the year in the present value of the Joint Board's share of the Strathclyde Pension Fund's liabilities because they are one year closer to settlement.

The Movement on Pension Reserve represents the net change in the pension liability recognised in the Movement in Reserves Statement for pension payments made by the Board to the Strathclyde Pension Fund during the year.

The Board is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2022/23 these amounted to £11,206 (2021/22 £11,126).

The following transactions have been made in the accounting statements in 2022/23:

2021/22 £		2022/23 £
	<b>Comprehensive Income and Expenditure Statement (CIES)</b>	
670,000	Current service cost	623,000
	<b>Financing and Investment Income and Expenditure</b>	
52,000	Net Interest	12,000
<b>722,000</b>	<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>635,000</b>
	<b>Other post employment benefit charged to the CIES</b>	
(1,033,000)	Return on assets excluding amounts included in net interest	829,000
(1,481,000)	Actuarial (gains) / losses arising on changes in financial and demographic assumptions	(7,616,000)
29,000	Other (gains) and losses	824,000
<b>-2,485,000</b>	<b>Total Actuarial (Gain)/Loss</b>	<b>(5,963,000)</b>
<b>-1,763,000</b>	<b>Total post employment benefit charged to the CIES</b>	<b>(5,328,000)</b>
	<b>Movement in Reserves Statement</b>	
(391,000)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code	(290,000)
2,485,000	Actuarial gain / (loss) on pension assets / liabilities	5,963,000
<b>331,000</b>	<b>Employers Contributions paid to Strathclyde Pension Fund</b>	<b>345,000</b>

## 13b: Assets and liabilities in relation to retirement benefits

A reconciliation of the Board's share of the present value of the Strathclyde Pension Fund's liabilities is as follows:



2021/22 £000		2022/23 £000
<b>20,407</b>	<b>Opening present value</b>	<b>19,722</b>
670	Current service cost	623
411	Interest Cost	536
88	Employee Contributions	94
	<b>Remeasurement (gains)/losses:</b>	
(1,452)	Actuarial (gains)/losses arising from changes in financial/demographic assumptions	(6,792)
(2)	Unfunded benefits paid	(2)
(400)	Benefits Paid	(400)
<b>19,722</b>	<b>Closing present value of scheme liabilities</b>	<b>13,781</b>

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

2021/22 £000		2022/23 £000
<b>17,978</b>	<b>Opening Fair Value</b>	<b>19,387</b>
359	Interest Income	524
	<b>Remeasurement gain/(loss):</b>	
1,033	Return on assets excluding amounts included in net interest	-829
329	Contributions from employer	343
88	Contributions from employee	94
2	Contributions in respect of unfunded benefits	2
(2)	Unfunded benefits paid	(2)
(400)	Benefits Paid	(400)
<b>19,387</b>	<b>Closing fair value of scheme assets</b>	<b>19,119</b>

## 13c: Fund history

	2018/19 £000	2019/20 £000	2020/21 (restated) £000	2021/22 £000	2022/23 £000
Present Value of Liabilities	(19,321)	(17,214)	(20,407)	(19,722)	(13,781)
Fair value of assets	16,238	15,481	17,978	19,387	19,119
Restriction to asset ceiling	0	0	0	0	(5,338)
<b>Surplus/(deficit) in the scheme</b>	<b>(3,083)</b>	<b>(1,733)</b>	<b>(2,429)</b>	<b>(335)</b>	<b>0</b>

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching (ALM) strategy. The total pension asset value of £5.338m has a substantial impact on the net worth of the Board. The total contributions expected to be made by the Joint Board to the Strathclyde Pension Fund in the forthcoming year to 31 March 2024 is £343k. However, this surplus of scheme assets is restricted to the 'asset ceiling' i.e. the net present value of future service costs less net present value of future contributions over the future working lifetime as at 31 March 2023. This ceiling, or cap, has been calculated to be £0.

2021/22 £000		2022/23 £000
(19,722)	<b>Present value of defined benefit obligation</b>	<b>(13,781)</b>
19,387	Fair Value of scheme assets	19,119
0	Restriction to asset ceiling	(5,338)
<b>(335)</b>	<b>Net asset/(liability) arising from defined benefit obligation</b>	<b>0</b>

## 13d: Impact on cashflows

An objective of the fund is to keep employer's contributions at as constant a rate as possible. The fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The rate for employer contributions was set at 20.2% for 2020/21; however, following the triennial valuation of the Strathclyde Pension Fund in March 2020, this rate increased to 25% for the next three financial years until 31 March 2024.

## 13e: Basis for estimating assets and liabilities

The Board's share of the liabilities of the Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, that estimates the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on. The Scheme's liabilities have been assessed by Hymans Robertson, an independent firm of Actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2022.

The principal assumptions used by the actuary were as follows:

2021/22	Mortality assumptions	2022/23
<b>Longevity at 65 for current pensioners (years)</b>		
19.6	Men	19.3
22.4	Women	22.2
<b>Longevity at 65 for Future pensioners (years)</b>		
21	Men	20.5
24.5	Women	24.2
<b>Other assumptions</b>		
3.90%	Rate of increase in salaries	3.65%
3.20%	Rate of increase in pensions	2.95%
2.70%	Rate for discounting scheme liabilities	4.75%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>		
50.0%	Pre-April 2009 service	50.0%
75.0%	Post-April 2009 service	75.0%

The value of the pension fund liability is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

<b>Impact on the Pension Scheme liability:</b>	<b>%</b>	<b>£</b>
0.1% decrease in Real Discount Rate	2%	249
0.1% increase in Salary Increase Rate	0%	36
0.1% increase in Pension Increase Rate	2%	217

The pension scheme's assets consist of the following categories and proportions of the total assets held:

2021/22 £000		%	2022/23 £000
8,067	Equity instruments	44.3%	8,467
0	Debt instruments (bonds)	0.0%	0
	Private Equity		
1,635	Real Estate	8.2%	1,576
9,192	Investment Funds and Unit Trusts	45.6%	8,713
0	Derivatives	0.0%	0
493	Cash and Cash	1.9%	362
<b>19,387</b>	<b>Total</b>	<b>100.0%</b>	<b>19,119</b>

## Note 14: Events after the Balance Sheet date

Events taking place after the authorised date for issue per the Balance Sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non-adjusting events.

## Note 15: Contingent Liabilities

Following two court cases, including Mrs Goodwin v Department for Education, it is expected that proposed changes to public service pension schemes will be required, to ensure that surviving same-sex spouses and civil partners receive benefits equivalent to those received by the surviving spouses of opposite-sex marriages. Strathclyde Pension Fund's actuary estimates that the potential impact may be in the range of 0.1%-0.2% of gross obligations, which equates to between £20.3k and £40.6k for Renfrewshire Valuation Joint Board. This estimate is not reflected in the Primary Financial Statements because the trigger event that would require recognition has not yet occurred.

## Note 16: Summary of Significant Accounting Policies

### A General Principles

The Annual Accounts summarise the Board's transactions for the 2022/23 financial year and its financial position as at 31 March 2023. The Board is required to prepare Annual Accounts by the Local Authority (Scotland) Regulations 2014 and section 12 of the Local Government in Scotland Act 2003 requires these accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The Code is issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and is designed to give a true and fair view of the financial performance of the Board.

The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the valuation of pension assets and liabilities where appropriate. The Annual Accounts have been prepared on a going concern basis.

### B Accruals of Expenditure and Income

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

- revenue from the sale of goods is recognised when the Board transfers the significant risks and rewards of ownership to the purchaser, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Board;

- revenue from the provision of services is recognised when the performance obligation relating to the transaction has been satisfied and it is probable that the economic benefits or service potential associated with the transaction will flow to the Board;
- expenditure in relation to services received (including services provided by employees) is recorded when the service is received rather than when payment is made;
- supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

## C Provisions

Provisions are made where an event has taken place that gives the Board a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the CIES. When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

## D Contingent Liabilities

Contingent liabilities are disclosed in the accounts, but not recognised in the Balance Sheet, in circumstances where:

- an event has taken place that gives the Board a possible obligation whose existence will only be confirmed by the occurrence or otherwise of

uncertain future events not wholly within the control of the Board; or

- a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

## Employee Benefits

### Benefits payable during employment

All salaries and wages earned up to the Balance Sheet date are included in the accounts irrespective of when payment was made. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end and that employees may carry forward into the next financial year.

### Post-employment benefits

The Board participates in the Local Government Pension Scheme (LGPS), administered by Strathclyde Pension Fund. The LGPS is accounted for as a defined benefit scheme and in accordance with International Accounting Standard 19 (IAS19) the Board has disclosed certain information concerning the assets, liabilities, income and expenditure relating to the pension scheme. IAS19 requires that an organisation must account for retirement benefits when it is committed to giving them, even if the payment will be many years into the future.

This involves the recognition in the Balance Sheet of the Board's share of the net pension asset or liability in the Strathclyde Pension Fund and a pension reserve.

The liabilities of the Strathclyde Pension Fund attributable to the Board are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees.

Liabilities are discounted to their value at current prices using a discount rate based on the current rate of return on high quality corporate bonds.

The assets of the Strathclyde Pension Fund attributable to the Board are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, and estimated fair value for unquoted securities.

The Comprehensive Income and Expenditure Statement (CIES) also recognises changes during the year in the pension asset or liability. Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year. The change in the net pension liability is analysed into the following components:

- **current service cost** – the increase in liabilities as a result of years of service earned this year, allocated in the CIES to the services for which the employees worked;
- **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, which is debited to the Surplus or Deficit on the Provision of Services in the CIES;
- **net interest cost on the defined benefit liability** – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments;
- **return on scheme assets** – excluding amounts included in net interest on the net defined benefit liability which are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- **actuarial gains and losses** – changes in the net pension liability that arise because events have not

coincided with assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions, which is charged to the Pensions Reserve. Actuarial gains and losses are shown within Other Comprehensive Income and Expenditure within the CIES; and

- **contributions paid to the pension fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities which are not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the amount payable by the Board to be the amount paid directly to pensioners in the year, not the amount calculated according to the relevant accounting standards in the CIES.

In the Movement in Reserves Statement this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

## E Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the accounts are authorised for issue.

There are two types of events:

- **Adjusting events** – those that provide evidence of conditions that existed at the end of the reporting period, and the accounts are adjusted to reflect such events
- **Non-adjusting events** – those that are indicative of conditions that arose after the reporting period, and the accounts are not adjusted. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the event and its estimated financial effect.

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

## F Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

Material misstatement or omission discovered in prior period figures are corrected retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period.

## G Government Grants and other Contributions

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

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

Amounts recognised as due to the Board are not credited to the CIES until conditions attaching to the grant or contribution have been satisfied.

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

## H Leases

### Operating Leases: Board as Lessee

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment.

Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

The risks and rewards of ownership remain with the lessors along with the title of the property.

## I Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as plant and equipment.

### Recognition

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



## Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating.

Plant, furniture and computer equipment costing less than £9,000 are not treated as fixed assets. This de minimis level does not apply where certain categories of these assets are grouped together and form part of an approved capital programme.

Assets are then carried in the Balance Sheet using the depreciated historical cost.

## Impairment

Assets are assessed at each year-end to determine whether there is any indication that an asset may be impaired.

Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated, an impairment loss is recognised for the shortfall and the carrying amount of the asset is written down in the CIES.

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

## Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the CIES as part of the gain or loss on disposal. Any receipts from disposals are credited to the CIES, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

## Depreciation

Depreciation is provided for on all Plant and Equipment assets by the allocation of their

depreciable amounts over their useful lives. For ICT equipment, this is calculated on a straight-line basis over five years.

## J Intangible Assets

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

Intangible assets are measured initially at cost. Amounts are revalued where the fair value of the assets held by the Board can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful economic life on a straight-line basis in the CIES. For software, this is deemed to be five years.

An asset is tested for impairment whenever there is an indication that the asset might be impaired and any losses recognised are posted in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the Revenue Reserve. The gains and losses are therefore reversed out of the Revenue Reserve in the Movement in Reserves Statement and posted to the Capital Adjustment Account and Capital Receipts Reserve.

All capital expenditure is charged to the constituent authorities, meaning that the Board has no requirement to borrow.

Software costing less than £9,000 is not treated as an intangible asset and is charged to the CIES. This de minimis does not apply where certain categories of assets are grouped together.

## K Reserves

Reserves are classified under accounting regulations into two categories: usable reserves, which are available to spend; and unusable reserves, which are unrealised net gains that have a deferred impact on the Board.

### Usable Reserves

The Revenue Reserve represents surplus funds held by the Board, which are ultimately repayable to the constituent authorities in the same allocation proportions as the requisitions.

### Unusable Reserves

Certain reserves are held to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Board; these reserves are explained in the Unusable Reserves note.

Income and Expenditure excludes any amount relating to VAT, as all VAT collected is payable to HM Revenue and Customs (HMRC) and all VAT paid is recoverable from HMRC.

## Note 17: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 16, the Board has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made, this is referred to in the relevant note to the core financial statements; however, a summary of those with the most significant effect is detailed below.

<b>Leases</b>	An analysis of the terms of the lease for the Robertson Centre has concluded that it is an operating lease.
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## L Value Added Tax (VAT)

### Note 18: Assumptions made about the future

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

Item	Uncertainties
<b>Uncertainties</b>	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Board with expert advice about the assumptions to be applied. Further detail can be found in Note 14.
<b>Effect if Results differ from Assumption</b>	The effects on the net pension asset, valued at £5.338m at 31 March 2023 (capped at £0), of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in a decrease in the pension asset of £0.249m equating to a 2% increase in scheme obligations.