



Renfrewshire Valuation Joint Board

Report to: Renfrewshire Valuation Joint Board

Meeting on: Friday 1st June 2018

Subject: Service Review (Part 1)

Author: Assessor & Electoral Registration Officer

1.0 Background

- 1.1 At the meeting in January 2017 the Board agreed to set aside funds to enable a Service Review to be undertaken, this review which began in September 2017 has now been concluded with information and knowledge gained from this review informing the proposed changes set out in this report. I would like to note my thanks to the personnel involved in this review both from our own staff, who gave willingly of their time and expertise and Renfrewshire Councils' staff who gathered the information necessary to help inform the direction of travel for our organisation.
- 1.2 This report provides the Board with an update of the progress made to date, it should be noted that this service review is only addressing the current issue of the loss of the Depute Assessors post. This is only the first stage in meeting the strategic changes and workforce issues which will require to be addressed over the coming months and years.

2.0 Future Issues

- 2.1 Audit Scotland have highlighted the need to establish a financially sustainable position going forward whilst acknowledging the fiscal constraints under which local government is currently operating and accepting the fact that service delivery must be maintained. (see Appendix A - Audit Scotland report to Board 2016/17).
- 2.3 The fiscal and funding environment for the Board is a dynamic one and one which it seems is further stretched by events out with the Board's control such as the Barclay Review of Non-Domestic Rating published in August 2017. The Non-Domestic Revaluation cycle for appeal disposal, which we are currently in, is always a very busy period. However, the announcement by the Scottish Government to adopt one of the recommendations from the Barclay review, namely to move from a 5yearly Revaluation cycle to a 3yearly cycle beginning in 2022 has put additional strain on resources. The planning and preparation for this major change to process falls within the same time period of having to meet the statutory obligations to dispose of the current revaluation appeals. The full extent of this change is as yet unknown as legislative changes will be required to facilitate this shift in timetable and there are a number of major decisions to be made on how these changes will work in practice. One thing is certain the Scottish Government has stated it will happen. In order to even begin to address this issue, workforce planning and technical support are both matters which need addressed in this financial year if proper resources have to be sourced and put in place in a timely manner to achieve this new way of working.

- 2.4 The Assessor for Renfrewshire is the “Designated Assessor” for Fixed Line Telecoms throughout Scotland and these Values are entered at the end of the Valuation Roll for the Renfrewshire Council Area as outlined per The Non-Domestic Rating (Valuation of Utilities) (S) Order 2005 as amended. There has always been a close working relationship with the Valuation Office Agency (VOA) for England & Wales as the valuation of telecoms is a UK wide matter. Great benefit and cost savings have been achieved by this collaborative working in the past, however, a further change to the present status quo has been announced by Westminster Parliament who have stated the next Revaluation for England & Wales will now take place in 2021, a year earlier than previously planned. The effect of this is to separate our current collaborative working arrangement which will mean the cost of preparing the Telecoms valuations for the 2022 Revaluation in Scotland will significantly increase. The preparation for this change, as with the previously noted change to the Revaluation cycle, needs to be addressed in this financial year.
- 2.5 It is appreciated at the time of writing this report the full implications of the Barclay review are not known, such as the details and statutory changes to timetables, disposal dates for appeals etc. along with the full implications the difference in the revaluation timetable between England and Scotland for telecoms valuations. However, in order to prepare timeously for this radical change in the revaluation cycle, preparations need to begin this year, to allow the recruitment and training of staff in order to successfully implement the new timetable. I would suggest therefore that a second review of the workforce and structure will need to be carried out to ensure the capacity is there to deliver on the new timetables. This second review will need to be completed and submitted to the Board by the November meeting at the latest, as it is likely to suggest adding to the establishment by recruiting Trainee Valuers and more importantly to ensure a fit for purpose IT system is sourced and purchased to replace the current Progress system (see 3.7)

3.0 Addressing Financial Pressures

- 3.1 To give some context to how the Board has been functioning I attach as Appendix B, a report on “Financial Outlook & Savings Proposal” produced for the previous Board by the retired Assessor Mr MacTaggart which highlights the financial constraints under which the Board has been operating for some time. Previously to help alleviate financial strain on the budget a proposal was made to Renfrewshire Council for an extension to the loan term which was in place to pay for the refurbishment costs of our present accommodation. By extending the pay back term from 4 to 8 years it effectively halved our repayments from £80k to £40k pa and Renfrewshire Council agreed to this and the Board gave its approval to this extension. This had the added benefit to enter into discussions with our Landlord, Renfrewshire Council, to extend our present lease to 2024 to accommodate this change. We also offered staff the option of VER and following this exercise reserves were left depleted. We are currently in a position, as commented on by the Treasurer to the Board in his Revenue Estimate Board report in January this year, of sitting with reserves around 5% of turnover. As stated in this report the Treasurer said **“This is at the floor of the level deemed prudent by the Treasurer in terms of ensuring financial sustainability and managing financial risks outlined above facing the Joint Board”**.
- 3.2 Following the retiral of the previous Assessor and subsequent interview process for the Assessors’ post, the existing Depute Assessor was appointed in May 2017 which facilitated the removal of this Chief Officers post from the organisation’s structure. This post had previously been highlighted as a post which could be removed to help achieve financial savings targets. (Appendix B) However, the duties previously undertaken by that post in particular the statutory obligations required to be re-distributed and reassigned to

one or more job roles within the organisation to ensure that the Assessor & ERO has appropriate cover as set out by statute.

The following tasks were undertaken:

- Review of the Depute Assessor's job description its statutory function, duties and level of responsibility.
- Review of staff job descriptions current roles/grades/level of responsibility.
- Liaison with HR to review job overviews, previous job evaluations and potential requirements for functional redistribution.
- Reviewing workforce profiles, in the context of ever challenging budgets and the strategic ambition for continuous improvement and efficiency.
- Statutory responsibilities aligned to posts.

Five key objectives were set as part of the wider service review which were that the review should;

- Contribute to delivering potential savings target in the operational models and delivery.
- Deliver a fit for purpose and future proofed organisational structure.
- Ensure maximised benefits from implementation of a Document Management System (DMS) and an Electoral management System (EMS).
- Reduce the Administrative burden on the Board by redefining processes, making efficiency savings and increasing our capacity to deliver services.
- Source a replacement for the IT system Progress.

The ambitions were to deliver the above objectives to achieve the following benefits;

- Consistency of service delivery and accessibility
- Flexibility of resources across the organisation through the implementation of standard, consistent processes.
- Modern processes supported by technology to facilitate maximum automation of delivery with a potential to reduce over handling while delivering our required services.

- 3.3 Furthermore, for the service review to be fully utilised an indepth investigation required to be undertaken to review existing procedures which resulted in a subsequent re-evaluation of some existing processes. Subsequently the review included recommendations to purchase a replacement for the Progress IT system and our bespoke Electoral Management System, both of which are reaching their "end of life" in IT terms and in a risk management context.
- 3.4 In order to meet these increased pressures as the newly appointed Assessor, understanding that the loss of the Deputes post in itself would not be sufficient to move us to a sustainable financial future several other ways to help alleviate the financial strain on the funds were investigated.
- 3.5 More recently ,in the spring of 2017, the purchase of a Document Management system (DMS) which replaced an expensive older electronic mail system, has afforded us not only a more efficient mail system but has allowed us to electronically create , index, track, manage ,store and retrieve existing mail and begin to scan our paper files which total around 180,000 (Appendix C).This further allows us to meet our obligations regarding retention of documents and their timely disposal in accordance with our Records Management Policy.

- 3.6 When enough progress has been made, the upper floor of our present accommodation can be vacated and in agreement with Renfrewshire Council, a sub-let of the upper floor can be arranged. This benefits the Board financially as it will make a considerable positive impact on rent, rates and other property costs going forward.
- 3.7 As stated previously, a replacement for our in house bespoke Electoral Management System was also recommended in the Organisational Structure Review and we have gone out to tender to enable us to buy a system which will ultimately be more efficient and has the added benefit of mitigating the risk of an inhouse system. Finally, a replacement for our valuation system, Progress, is being explored and it may be possible to purchase a system which will not only replace but enhance quite considerably our present disparate systems into one complete solution. This system would assist in implementing the recommendations from the Barclay review, such as, the move to a 3 yearly Revaluation Cycle. This is however an ongoing discussion and is not yet finalised.
- 3.8 GDPR came into effect on 25th May 2018. These new regulations required the Board to have an appointed Data Protection Officer (DPO). I have been in negotiation with Renfrewshire Council on this matter and I am pleased to report we now have access to a dedicated DPO solicitor in Renfrewshire Council's team, this ensures we are compliant with the new legislation. This role comes with a cost of approx. £13,000pa, which I hope can be met from our existing budget, however, this depends on the outcome of this year's pay award and the ongoing negotiations.

4.0 Duties of Deputy Assessors' Post

- 4.1 Whilst investing in these new systems will in the medium to long term deliver efficiencies and also help address a number of the duplicate processes highlighted by the work carried out in conjunction with the Business Analyst and key members of staff, there remains a need to address where the duties carried out by the now removed Deputy Assessor's post should be transferred to. Please see attached Appendix D, which shows the original organisational structure and Appendix E which shows the proposed new structure which I believe helps to address the issues raised from the loss of this Chief Officer's post. This reorganisation will be funded by the savings from the non-filling of a Senior Valuer's post. Sacrificing this post covers the costs of the regrading of the existing posts, affected by the removal of the Deputy Assessor's post, to make them commensurate with the additional duties these post holders will now be responsible for. These costs and the cost of employing a Property Assistant can all be met from the salary saving from the sacrificed post.

This allows me to move the Council Tax workload to a Council Tax team, consisting of 3 property assistants and 2 Senior Surveyors, who will in effect run this team on a day to day basis and also act as advocates for the Council Tax courts. This frees up time for the valuers in the office to concentrate mainly on Non-Domestic valuation, although they will still have an input into Council Tax Bandings etc.

The Principal Surveyors will now be responsible for the Non-Domestic courts in the first instance, but will of course have the backing of the Assistant Assessors as necessary. This allows the Assistant Assessors to take up some of the duties from Deputy Assessors post, one of the Assistant Assessors will have a specialism in Governance and the other post will be responsible for Telecoms Valuations along with the Assessor and one of the Principal Surveyors.

I have had these posts re- evaluated with the assistance of Renfrewshire Council's Job Evaluation Team and I have also consulted with Unison with no issues reported.

5.0 General Conclusions

I believe we now have a structure which allows us to incorporate the previous duties and responsibilities of the Depute's post. Going forward, as stated earlier I will need to take a further look at our structure to ensure we are an organisation fit for purpose, with suitable resources, to allow us to meet these new challenges in the very near future.

6.0 Recommendations

6.1 The Board notes the contents of this Report.

Kate Crawford
Assessor & Electoral Registration Officer

11th May 2018

Renfrewshire Valuation Joint Board

Annual Audit Plan 2016/17

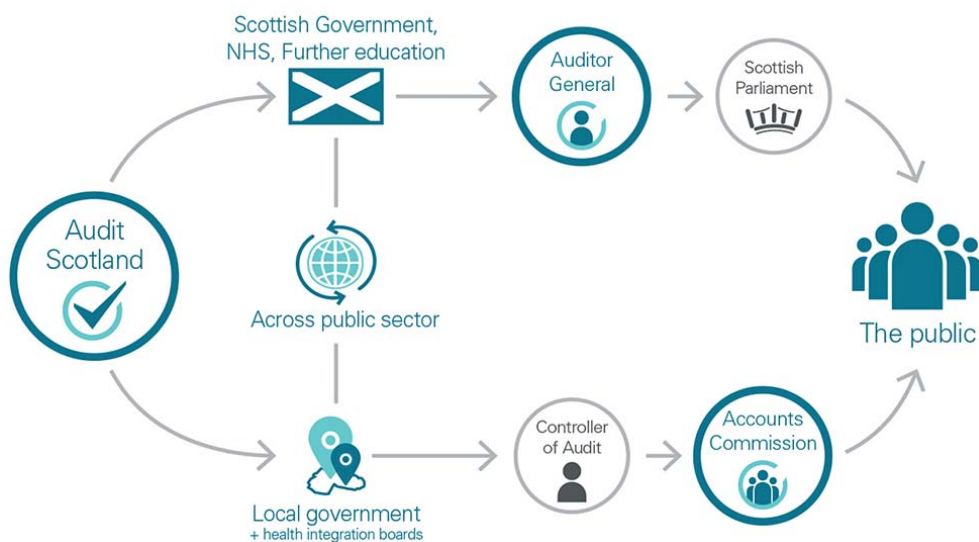


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Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit and is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and any other relevant guidance. This plan identifies our audit work to provide an opinion on the financial statements and related matters and meet the wider scope requirements of public sector audit including the new approach to Best Value. The wider scope of public audit contributes to conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

Audit risks

2. Based on our discussions with staff and a review of supporting information we have identified the following main risk areas for Renfrewshire Valuation Joint Board (RVJB). We have categorised these risks into financial risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

Exhibit 1

Audit Risk	Management assurance	Planned audit work
Financial statement issues and risks		
1 Management override of controls ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes the risk of management override of controls in order to change the position disclosed in the financial statements.	N/A	Detailed testing of journal entries. Review of significant management estimates and evaluation of the impact of any variability in key assumptions. Focused testing of accruals and prepayments. Evaluation of significant transactions that are outside the normal course of business. Substantive testing of transactions after the year end to confirm expenditure and income has been accounted for in the correct financial year.
2 Risk of fraud over income RVJB has a number of funding sources which includes income generation. The extent of income means that, in accordance with ISA 240, there is an inherent risk of fraud that requires an audit response.	Income is closely monitored and discussed at budget monitoring meetings. Significant differences from actuals compared to projected income is investigated.	Analytical procedures on income streams. Detailed testing of revenue transactions focusing on the areas of greatest risk.

Audit Risk	Management assurance	Planned audit work
<p>3 Revised format of financial statements</p> <p>The 2016/17 Code of Practice on Local Authority Accounting (the Code) makes changes to the structure of the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MIRS). This will require the restatement of prior year comparatives and presents a risk of misstatement in the financial statements.</p>	<p>Finance staff will ensure they are aware of the revised requirements through examination of the revised Code, attendance at CIPFA FAN events and reviewing of the Audit Scotland Technical Bulletin, and will prepare the financial statements accordingly.</p>	<p>Review of structure of CIES and MIRS.</p> <p>Detailed analysis of account code mapping for CIES.</p> <p>Review of prior year comparatives and restatements.</p>
<p>4 New expenditure and funding analysis</p> <p>The Code sets out a new requirement for an expenditure and funding analysis. This will provide a reconciliation of the statutory adjustments between RVJB's financial performance on a funding basis and the surplus or deficit on the provision of services in the CIES. This presents an increased risk of misstatement as the analysis may not be in line with the requirements of the Code. There is also an increased risk of inconsistencies between the analysis and the financial statements.</p>	<p>Finance staff will ensure they are aware of the revised requirements through examination of the revised Code, attendance at CIPFA FAN events and reviewing of the Audit Scotland Technical Bulletin, and will prepare the financial statements accordingly.</p>	<p>Detailed testing of expenditure and funding analysis.</p> <p>Review of prior year comparatives and restatements.</p> <p>Review of consistency between expenditure and funding analysis and information contained elsewhere within the annual accounts.</p>
<p>5 Changes to governance disclosures</p> <p>The Code makes changes to the requirements of the governance statement. This will require additional information to be disclosed to ensure all requirements of the Code are met. This presents a risk that the governance disclosures may not be complete.</p>	<p>Finance staff will ensure they are aware of the revised requirements through examination of the revised Code, attendance at CIPFA FAN events and reviewing of the Audit Scotland Technical Bulletin, and will prepare the financial statements accordingly.</p> <p>Meeting held with Internal Audit to agree on work required to prepare annual governance statement.</p>	<p>Review of governance statement content.</p> <p>Testing of governance disclosures.</p>
Wider dimension risks		
<p>6 Financial sustainability</p> <p>Financial reports to members highlight uncertainties around future funding and increased pressure on available resources. It is likely future savings will need</p>	<p>The RVJB, with support from the Treasurer, continually examine the current and</p>	<p>Review of budget monitoring reports during the year and comment on the financial position within the annual audit report.</p>

Audit Risk	Management assurance	Planned audit work
to be made to achieve a breakeven position and maintain reserves at an appropriate level.	forecast financial position of the organisation The RVJB is awaiting a response from the Cabinet Officer regarding additional funding to cover the costs of IER.	

Reporting arrangements

3. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: www.audit-scotland.gov.uk.

4. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.

5. We will provide an independent auditor's report to the Joint Board and Accounts Commission summarising the results of the audit of the annual accounts. We will provide the Joint Board and Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen in the course of the audit.

Exhibit 2

2016/17 Audit outputs

Audit Output	Target date	Joint Committee Date
Annual Audit Report including ISA 260 requirements	25 August 2017	TBC
Signed Independent Auditor's Report	25 August 2017	N/A

Audit fee

6. The proposed audit fee for the 2016/17 audit of RVJB Renfrewshire Valuation Joint Board is £6,970. In determining the audit fee we have taken account of the risk exposure of RVJB, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited financial statements, with a complete working papers package on 26 June 2017.

7. Where our audit cannot proceed as planned through, for example, late receipt of unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises outwith our planned audit activity.

Responsibilities

Audit Committee and Treasurer

8. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing

effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

9. The audit of the financial statements does not relieve management or the Joint Board, as those charged with governance, of their responsibilities.

Appointed auditor

10. Our responsibilities as independent auditor are established by the 1973 Act for local government, and the Code of Audit Practice, and guided by the auditing profession's ethical guidance.

11. Auditors in the public sector give an independent opinion on the financial statements. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

Audit scope and timing

Financial statements

12. The statutory financial statements audit will be the foundation and source for the majority of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of RVJB and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how RVJB will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

13. We will give an opinion on the financial statements as to:

- whether they give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of RVJB as at 31 March 2017 and of the income and expenditure of RVJB for the year then ended;
- whether they have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code; and
- whether they have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulation 2014, and the Local Government in Scotland Act 2003.



Materiality

14. Materiality defines the maximum error that we are prepared to accept and still conclude that that our audit objective has been achieved. It helps assist our planning of the audit and allows us to assess the impact of any audit adjustments on the financial statements. We calculate materiality at different levels as described below. The calculated materiality values for RVJB are set out in [Exhibit 3.](#)

Exhibit 3

Materiality values

Materiality level	Amount
Planning materiality - This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of projected gross expenditure for the year ended 31 March 2017 based on the budget for 2016/17.	£25,000
Performance materiality - This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 75% of planning materiality.	£19,000
Reporting threshold - We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount.	£1,000



15. We review and report on other information published with the financial statements including the management commentary, governance statement and the remuneration report. Any issue identified will be reported to the Joint Board.

Timetable

16. To support the efficient use of resources it is critical that a financial statements timetable is agreed with us for the production of the unaudited accounts. An agreed timetable is included at [Exhibit 4](#) which takes account of submission requirements and planned Joint Board meeting dates:

Exhibit 4

Financial statements timetable

 Key stage	 Date
Consideration of unaudited financial statements by those charged with governance	
Latest submission date of RVJB's unaudited financial statements with complete working papers package	27 June 2017
Latest date for final clearance meeting with Treasurer/officers	4 August 2017
Agreement of audited unsigned financial statements; Issue of Annual Audit Report including ISA 260 report to those charged with governance	11 August 2017
Independent auditor's report signed	TBC

Internal audit

17. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an assessment of the internal audit function. Internal audit is provided by the Internal Audit section of Renfrewshire Council.

Adequacy of Internal Audit

18. A review of the internal audit function at Renfrewshire Council will be carried out by the Renfrewshire Council audit team in early 2017. This will provide assurance over whether the internal audit function operates in accordance with Public Sector Internal Audit Standards (PSIAS) and has sound documentation and reporting procedures in place.

Audit dimensions

19. Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

Exhibit 5

Audit dimensions



20. In the local government sector, the appointed auditor's annual conclusions on these four dimensions will contribute to an overall assessment and assurance on best value.

Financial sustainability

21. As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on the RVJB's financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps
- whether RVJB can demonstrate the affordability and effectiveness of funding decisions it has made.

Financial management

22. Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:

- whether RVJB has arrangements in place to ensure systems of internal control are operating effectively
- whether RVJB can demonstrate the effectiveness of budgetary control system in communicating accurate and timely financial performance
- how RVJB has assured itself that its financial capacity and skills are appropriate
- whether RVJB has established appropriate and effective arrangements for the prevention and detection of fraud and corruption.

Governance and transparency

23. Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information. We will review, conclude and report on:

- whether RVJB can demonstrate that the governance arrangements in place are appropriate and operating effectively
- whether there is effective scrutiny, challenge and transparency on the decision-making and finance and performance reports
- the quality and timeliness of financial and performance reporting.

Value for money

24. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether:

- RVJB can provide evidence that it is demonstrating value for money in the use of its resources
- RVJB can demonstrate that there is a clear link between money spent, output and outcomes delivered
- RVJB can demonstrate that outcomes are improving
- there is sufficient focus on improvement and the pace of it.

Independence and objectivity

25. Auditors appointed by Audit Scotland must comply with the Code of Audit Practice. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Assistant Auditor General, who serves as Audit Scotland’s Ethics Partner.

26. The engagement lead for RVJB is Mark Ferris, Senior Audit Manager. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of RVJB Renfrewshire Valuation Joint Board.

Quality control

27. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and

legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

28. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews, internal quality reviews and is currently reviewing the arrangements for external quality reviews.

29. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

Renfrewshire Valuation Joint Board

Annual Audit Plan 2016/17

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
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APPENDIX B



Renfrewshire Valuation Joint Board

Report to: Renfrewshire Valuation Joint Board

Meeting on: 18th November 2016

Subject: Financial Outlook and Savings proposals

Author: Assessor & Electoral Registration Officer

Introduction

The purpose of this report is to provide an update on the Board's financial position and the medium term financial outlook facing the Board; and also to provide further information with regards measures being proposed to ensure the Board remains financially sustainable.

Background

The level of Requisition Funding available to the Board has declined over the past 6 years as follows:

Year	Requisition	Reserves used
2010/11	£2,459,800	£77,400
2011/12	£2,361,400	£47,000
2012/13	£2,321,300	£33,500
2013/14	£2,281,800	£22,800
2014/15	£2,281,800	£0
2015/16	£2,281,800	£41,100
2016/17	£2,213,300	£109,500

This is a reduction, in cash terms, of 10% since 2011 and approximately 16.66% in real terms due to the requirements of meeting increasing costs from a declining budget. The most significant of these inflationary costs has been salary and National Insurance contributions. During this period, the general reserves available to the Board have been maintained at a prudent level (reserves used as outlined

above have generally been replaced through good budgetary control); with a draw on reserves being planned for 2016/17 as agreed by the Board in January 2016.

The number of staff employed by the Board has reduced by 17% from 52 in 2011 to 43 at present. This reduction has been reached by non-filling of vacancies and, in the last year, VR/VER.

Current Financial Position

The current financial position is outlined in detail in a separate report on this agenda; however it is projected that in addition to the agreed draw on reserves of £110k, a further overspend of potentially £85k is forecast due to workload pressures associated with the 2017 Non-Domestic Rating Revaluation and reduced Cabinet Office income associated with IER. This would bring the level of general reserves down to circa £270k, or 10% of turnover. Further information on reserves is outlined below.

Financial Outlook

The Board has, as outlined above, made considerable efforts to meet the financial challenges facing both the Board and its requisitioning authorities since the financial crisis of 2008 triggered the ongoing austerity measures put in place by the UK government. The level of requisition has as outlined above either been held in cash terms or reduced in successive years.

During this period the Board has also managed the effects of changes to National Insurance contributions, pay awards and changes in pension contributions; in addition to managing a challenging workload and new obligations in terms of IER.

The outlook in the medium term is characterised by uncertainty. At this point both major areas of risk for the Board – the level of pay award and the level of requisition income (broadly linked to the movement in the level of grant available to local government) – are unknown. The Chancellor has announced an intention to review the 2015 Comprehensive Spending Review; while the Scottish Government Cabinet Secretary for Finance & the Constitution has in the recent past limited local government settlement information to single years. This will be the case again for 2017/18; again continuing the uncertain financial environment for the Board.

Further uncertainty for the local government settlement arises from enhanced powers for Scotland under the Scotland Act 2016; and also significantly from the Brexit vote.

However; while the exact impact of these issues for the Board cannot be forecast with certainty; there is a general consensus that prospects for economic growth have deteriorated, placing further ongoing pressure on public spending. Estimates of potential cuts to the 2017/18 local government settlement range across Scotland; however they are broadly in the 3-5% range.

Ability to meet Statutory Obligations

The Assessor and ERO has statutory obligations to maintain the Valuation Rolls, the Council Tax Valuation Lists and the Electoral Registers. These are tasks that are not optional.

The Assessor has responsibility for:

- 10,406 entries in the Valuation Rolls accounting for £338 million in terms of Rateable Value (this will increase significantly on 1st April 2017).
- 171,000 entries in the Council Tax Valuation Lists
- 260,000 electors in the Electoral Rolls

Reduced staffing levels limit resilience in terms of long-term absence and unexpected workloads such as an unexpected influx of appeals or a snap election. The recently completed exercise to compile a draft Revaluation Roll was only achieved through the use of overtime allied to the commitment and dedication of the staff.

The Board also faces additional workload in terms of implementing changes to valuations as the result of a Supreme Court decision. We will also be required to make entries in the Valuation Rolls for "Shootings and Deer Forests" and, while the Joint Board area is not a hotspot for such Sporting Rights, investigatory work will be required for all agricultural holdings in the area.

The financial pressures surrounding Electoral Registration and the Annual Canvass have been debated at earlier meetings of the Board.

Reserves

As outlined above, the Board has agreed to utilise reserves to mitigate reduced income levels and to fund VR/VER.

The level of reserves held by the Board has increased in the past 7 years largely as the result of non-filling of vacancies or, when circumstances permitted, a delay in the filling of vacant posts. Increased efficiencies in non-payroll costs have also contributed to the inflow to Reserves.

It has been highlighted by the Board's Auditors that the level of Reserves, while understandable, is verging upon being too great for the size of the organisation. With this in mind, reserves have been used to fund cost pressures and, in 2015-16, to fund the release of staff through VR/VER as part of the transition towards a sustainable structure.

Depletion of Reserves is acceptable to a point but it must be borne in mind that a safety net needs to remain in place for potentially expensive appeal litigation; and a minimum level of reserves of 5-10% of turnover is recommended.

Levels of Reserves held by the Board

Year	Reserves
2011/12	£357,674
2012/13	£496,334
2013/14	£463,991
2014/15	£591,440
2015/16	£466,704
2016/17*	£271,000

* Estimated closing balance

Potential for Further Savings

The potential to save on expenditure on items other than staff costs is limited, and there remains a risk that further reductions in staff numbers beyond that proposed by this report may have a detrimental impact on one or more statutory obligations.

Scenario Planning

In line with Audit Scotland best practice, 2 possible scenarios which may face the Board over the next financial year are outlined below.

Scenario 1

Best case would be that requisition income from the 3 constituent councils is frozen. However, it is likely that there will be a pay award and for this scenario a 1% pay award has been assumed.

Requisition Income (same as 16/17)	£2,213,300
Pay Award @1%	-£20,000
Actual Budget	£2,199,900
(Net loss of £20,000 from existing budget)	

Scenario 2

Given the challenges facing Scottish Local Authorities assume after the Comprehensive Spending Review requisition income from 3 councils is cut 3.5%, and pay award is still 1%.

Requisition Income (3.5% less than 16/17)	£2,135,800
Pay Award @1%	-£20,000
Actual Budget	£2,115,800
(Net loss of £97,500 from existing budget)	

Given the financial outlook information outlined above, Scenario 2 is considered to be the more likely outcome for 2017/18.

Proposed Savings

Discussion with Renfrewshire Council officers with regards the lease of the Robertson Centre has resulted in a proposal that the current lease be extended

from its current expiry date in 2020 for a further 4 years to 2024. This may result in an increased rental cost. However, it is not anticipated that this will result in a significant change to the current rent being charged by Renfrewshire Council. This provides the Board with certainty over the medium term with regards its office accommodation and also allows the costs of refurbishment works undertaken in 2010 to be paid down over a longer period; reducing the cost to the Board by potentially £43k per annum.

These discussions are preliminary at this stage however they will be progressed with the Board's permission; with a final recommendation to the Board being considered at the January 2017 meeting. Renfrewshire Council will also require to formally agree to the extension and the Head of Property Services is taking steps to request this authority from the relevant Policy Board.

Further, in order to allow a resilient and sustainable staffing structure to be put in place and, given the possibility of Scenario 2 becoming the reality for the next financial year, it is proposed that the post of Depute Assessor will be deleted. This could generate net savings of £60,000 per annum. However, this saving may be offset in the event supporting posts require to be re-evaluated in consideration of additional responsibilities arising from the deletion of the Depute Assessor Post. This saving may also be offset by one-off exit costs, which would require to be funded through reserves.

However, discussions with HR will need to take place in consideration of the effects on the remaining posts. I would intend to take this forward with HR after the Board has given its approval to the removal of the Depute Assessors post.

The Depute Assessor post would be deleted from 1 April 2017; around the same time as the Assessor intends to retire. The Assessor would require to put in place measures to secure a replacement and handover period prior to his leaving date. The impending vacancy must be advertised and filled after interview of all suitable candidates. The interviews, as the post is a Chief Officer position, must be carried out by a specially convened sub-committee of the Board.

Recommendations

The Board notes the information in the report;

The Board agrees to the Assessor concluding discussions with Renfrewshire Council with regards extending the current lease for Robertson House, with a further report to be presented to the Board in January 2017;

The Board agrees the proposed revised staffing structure as outlined in the report and sets in train the process of establishing an Appointments Sub-Committee.



Renfrewshire Valuation Joint Board

Report to: Renfrewshire Valuation Joint Board

Meeting on: 30th June 2017

Subject: Service Review

Author: Divisional Assessor & Assistant Electoral Registration Officer

1.0 Introduction

This report is to provide members with an update on the Service Review which was agreed to be undertaken by the Assessor on behalf of the Board to review the operation of the statutory functions to ensure the efficient delivery of these services.

2.0 Service Review

The aim of the review will be to highlight areas of best practice and, potentially, opportunities for improved working processes which may require investment from the Board's three constituent authorities to realise savings in the longer term.

Meetings have taken place with Renfrewshire Council's Workforce Planning Team and a report on the progress of this will be brought to a future Board meeting for consideration, once all interested parties have been consulted.

2.1 First Stage - Document Management System

As a result of the initial investigations for the Service Review, the Assessor has identified the requirement for a Document Management System (DMS). This would allow the Assessor to electronically create, index, track, manage, store and retrieve existing mail, files and documents.

A cost benefit analysis was undertaken and the savings from bringing in a DMS will immediately save the Board in the short term, by reduced printing costs, stationery savings and in the longer term, e.g. streamlining workflows. Also staff would be operating one system to carry out most work processes, allowing the Board to phase out a number of current operational practices which would result in further cost savings.

In addition operating a DMS would ensure compliance with our Data Retention Schedule as well as minimising the risk to the Board carrying out statutory functions in the event of a disaster. It also feeds into our Disaster Recovery Plan. In terms of RVJB's Records Management Plan, which was agreed with the Keeper of the Records of Scotland in 2016 on an improvement model basis, the implementation of a DMS would allow one of the agreed future developments to be completed.

Renfrewshire Council was responsible for the Procurement Process on behalf of the Board and the contract to deliver the DMS has been awarded to Capital Document Solutions Ltd. The contract will commence on the 1st July 2017 and will expire on 30th June 2018. There is an option to extend the Support and Maintenance element of the contract for one year.

2.2 Planned Future Changes

The Assessor, in her role as Electoral Registration Officer and as part of the Service Review, has also highlighted the possible purchase of an Electoral Management System (EMS). An EMS would ensure the Board is resilient against changes in the political landscape e.g. a snap election and would minimise the complexity that Individual Electoral Registration brings to the Registration process. It would also facilitate a streamlined process for information sharing with the three Returning Officers of the Board's constituent authorities.

The IT department of Renfrewshire Valuation Joint Board is also exploring changes to the business software currently being used in line with the modernisation programme currently being carried out by Renfrewshire Council.

3.0 Recommendations

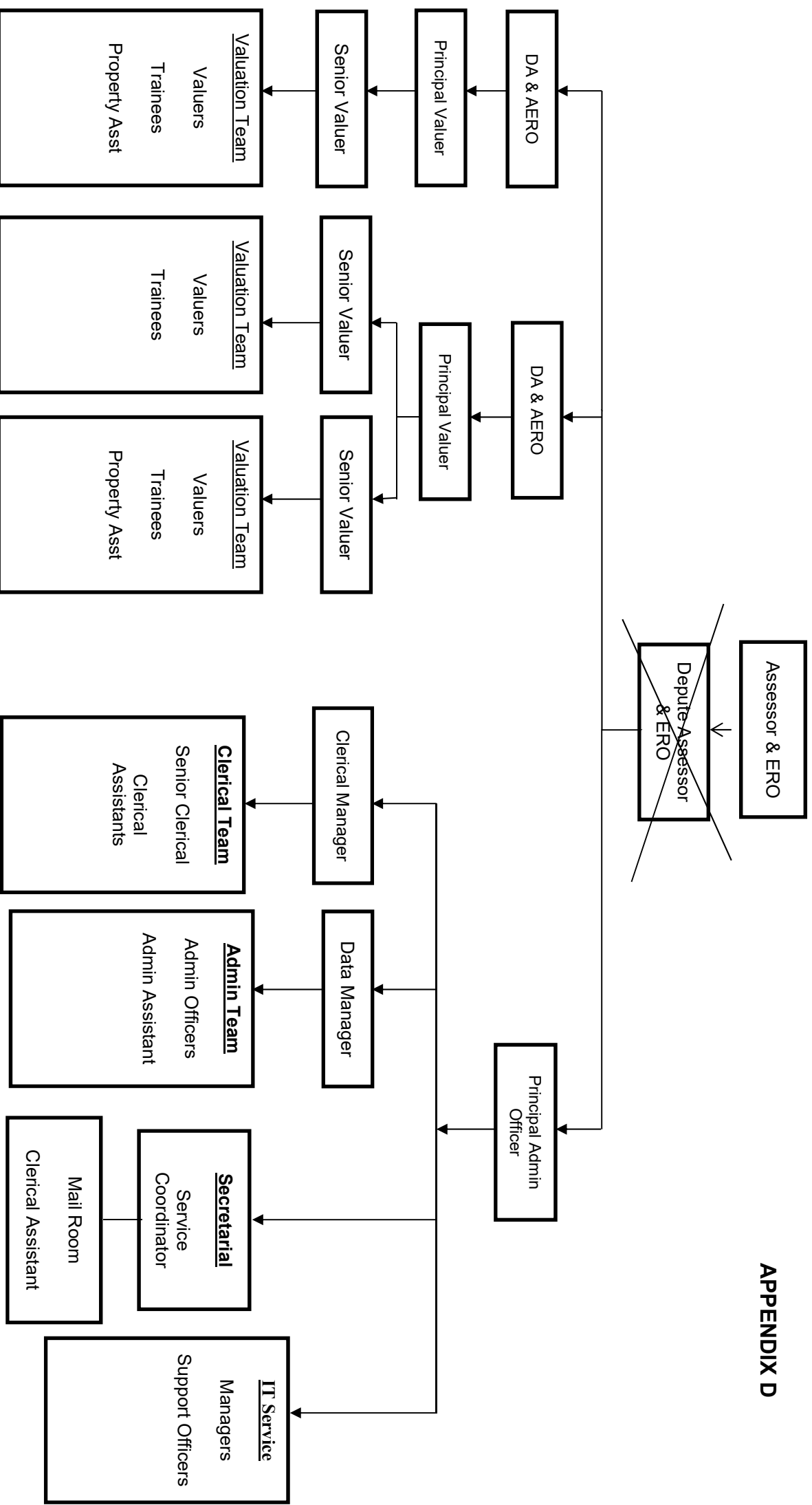
- i. The Board notes the contents of this report.

Lindsey Hendry
Divisional Assessor & Assistant ERO
15 June 2017

For further information please contact Lindsey Hendry at 0141-618-5927 or via email at lindsey.hendry@renfrewshire-vjb.gov.uk

CURRENT STRUCTURE AT RENFREWSHIRE JOINT VALUATION BOARD

APPENDIX D



PROPOSED STRUCTURE AT RENFREWSHIRE JOINT VALUATION BOARD

APPENDIX E

