

Unaudited Annual Accounts for the Year Ended 31st March 2017

21st August 2017

1 Purpose of report

The purpose of this report is to present the unaudited Annual Accounts for the year ended 31st March 2017.

2 Main Report

- 2.1 The unaudited Annual Accounts are presented in accordance with the Local Authority Accounts (Scotland) Regulations 2014 which requires that the Annual Accounts for the year 2016/17 be presented to the Board no later than 31st August, 2017. The Annual Accounts require to be presented to external audit by 30th June, 2017.
- 2.2 The unaudited Annual Accounts for 2016/17 have been prepared in accordance with the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS).
- 2.3 The unaudited Annual Accounts were authorised for issue on the 7th June 2017. The Statement of Responsibilities and Balance Sheet have been signed by the Treasurer.
- 2.4 The Statement of Responsibilities will be updated to reflect the Board's approval for signature of the Annual Accounts upon completion of the audit. The Board's appointed auditors, Scott Moncrieff will present the *Report to those charged with governance on the 2016/17 audit* at the Board's meeting in September 2017. The Governance Statement and Remuneration Report included in the Annual Accounts will also require to be signed at this point.
- 2.5 The Annual Governance Statement includes details of the Governance Framework and a review of its effectiveness including the system of internal financial control. The Treasurer's opinion is that reasonable assurance can be placed on the adequacy and effectiveness of the Board's internal control system. This opinion is informed by the work of the Internal Audit, monitoring of controls by Board staff and External Audit. From this year's review there is evidence that the Code is operating effectively with overall compliance by the Board in all significant areas of its corporate governance arrangements.

- 2.6 The outturn for the year shows an underspending of £0.262m. The Management Commentary provides details and the main reasons for this under spend.
- 2.7 Upon completion of the audit of the Annual Accounts, the Board should consider whether it wishes to retain this under spend or add to the Board's general reserve. The general reserve balance at 31st March 2017 is £1.011m including the under spend of £0.262m for 2016/17.
- 2.8 In February 2017 the Board approved a one-off refund to constituent councils of £0.184m relating to the level of general reserve held. This refund will be reflected in the 2017/18 annual accounts. If the under spend from 2016/17 is retained the general reserve balance at 30th September 2017 will be £0.827m. If it's not retained then the balance will drop to £0.565m.
- 2.9 The 2016/17 requisition due to be refunded to constituent councils based on the unaudited Annual Accounts is as follows:

	2016/17 Requisition due to constituent authorities £'000
Edinburgh	161
Midlothian	24
East Lothian	28
West Lothian	49
Total	262

3 Recommendations

It is recommended that the Board:

- 3.1 Notes the report;
- 3.2 Notes that the Annual Accounts for 2016/17 will be re-presented to the Board on completion of the external audit and that a decision on the retention or refund of requisition will be required by the Board at this time.

**Hugh Dunn,
Treasurer.**

Appendices: Unaudited Annual Accounts for the Year Ended 31st March 2017

Contact/Tel: Mr. T.MacDonald: 0131 469 3078

Background Papers: Held at the Office of Treasurer

Annual Accounts for the year to 31st March 2017

Unaudited



LOTHIAN VALUATION JOINT BOARD

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LOTHIAN VALUATION JOINT BOARD

MEMBERS AND OFFICIALS

Members

Convener: Councillor Norman Work, City of Edinburgh Council

Vice-Convener: Councillor Margot Russell, Midlothian Council

Appointed by The City of Edinburgh Council : Councillor Nigel Bagshaw
Councillor Karen Doran
Councillor Ricky Henderson
Councillor Alex Lunn
Councillor Karen Keil
Councillor Mark McInnes
Councillor Adam McVey
Councillor Jason Rust
Councillor Norman Work

Appointed by East Lothian Council : Councillor Jim Gillies
Councillor John McNeil

Appointed by Midlothian Council : Councillor Margot Russell
Councillor Jim Bryant

Appointed by West Lothian Council : Councillor Dave King
Councillor Greg McCarra
Councillor David Dodds

Officials

Chief Executive Officer (Assessor - interim) : Graeme Strachan

Chief Executive and Clerk : Andrew Kerr

Treasurer : Hugh Dunn, CPFA

Solicitor : Nick Smith

Monitoring Officer : Nick Smith

LOTHIAN VALUATION JOINT BOARD

MANAGEMENT COMMENTARY

Strategic Report

1. Basis of the Accounts

The Annual Accounts present the financial position and performance of the Board, for the year to 31st March 2017. The Annual Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) based Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This is to ensure that the Annual Accounts "present a true and fair view" of the financial position and transactions of the Board. The Annual Accounts have been prepared in accordance with the following fundamental accounting principles: relevance, reliability, comparability, understandability and materiality.

The accounting concepts of accruals, going-concern, and primacy of legislation requirements also apply. All figures in the Annual Accounts are rounded to thousand pounds (£'000) unless stated otherwise.

To show the net position of the Board, adjustments are made to the Comprehensive Income and Expenditure Statement (CIES) to reflect differences in the accounting basis and funding basis under regulations. These adjustments ensure that the actual resources available to the Board are correctly accounted for in the Movement in Reserves Statement. These adjustments are shown in Note 7.

As a result of the *Telling the Story* review of the presentation of local authority financial statements a new **Expenditure and Funding Analysis statement** has been included at Note 2 on Page 18. An explanation of the nature and purpose of the statement is also included.

2. Statutory Background

The Lothian Valuation Joint Board was established under the Valuation Joint Boards (Scotland) Order 1995 and provides Valuation Appeals, Lands Valuation, Electoral Registration and Council Tax Valuation services. The Board comprises 16 members appointed from the constituency authorities of whom nine are elected from the City of Edinburgh Council, three from West Lothian and two each from East and Midlothian Councils.

Costs incurred by the Lothian Valuation Joint Board are apportioned in accordance with the non-domestic rateable subjects and dwellings valued for council tax within the area of each constituent authority. This has resulted in expenditure being allocated 61.19% to The City of Edinburgh Council, 9.16% to Midlothian Council, 10.94% to East Lothian Council, and 18.71% to West Lothian Council.

3. The Lothian Valuation Joint Board's strategy and business model

The Lothian Valuation Joint Board is a local authority organisation providing a range of services to and on behalf of City of Edinburgh, West Lothian, Midlothian, and East Lothian Councils. The services provided represent duties embedded in statute and associated case law. Specifically they relate to the creation and maintenance of the Valuation Roll, Council Tax List and Electoral Register. The Board's strategy is to ensure best value while providing equitable, customer focused, high quality, professional valuation and electoral registration services for all its stakeholders. To support this aim annual Corporate and Service Plans are created that indicate a detailed range of activities and objectives necessary to deliver services. These plans are supported where required with detailed project management plans, specific service delivery timetables, and associated risk analysis.

4. Principal risks and uncertainties facing the Board.

The principal risks and uncertainties faced by the Board fall into two categories. Firstly, in common with the wider local authority community, there are uncertainties created by the ongoing environment of fiscal constraint within which services must be delivered. The Board has a range of statutory duties to enact and services to deliver. The current focus is how to achieve a level of financial sustainability that supports service delivery in the medium and longer term. Failure to do so brings a risk in terms of the quality of service provided.

The second category relates to changes in legislation that impact on the services to be delivered. This can create pressures from both a financial and organisational perspective. In recent years there have been government led investigations and consultations into aspects of all three of the statutory functions carried out by the Board. The most significant of these has been the introduction of Individual Electoral Registration (IER). While the main aims were improving the completeness and accuracy of the Electoral Register and at the same time reducing the opportunity for electoral fraud, the new processes have left a financial legacy amounting to circa £0.450m per annum. Currently this required funding is provided direct by government to the Board, however a risk exists should this support be withdrawn before there is time to properly reflect the requirements of IER within annual budget allocation. Council Tax has also very recently undergone investigation and while the outcome of this had made little difference to the service requirement provided by the Board, fundamental questions as regards the future direction of Council Tax remain outstanding and pose a potential risk to the Board. In terms of the Valuation Roll service an ongoing review under the auspices of the Barclay Commission is due to report in the summer of 2017. Again there is a risk that recommendations could impact significantly on various aspects of service delivery both from an organisational perspective and a financial one. While legislative changes are seldom sudden the time and finances required to implement any recommendations can be considerable and therefore such changes must be considered as risk areas.

LOTHIAN VALUATION JOINT BOARD

MANAGEMENT COMMENTARY

5. Review of the Lothian Valuation Joint Board performance 2016/17

5.1 Financial Performance

The Board's expenditure was under requisition income by £0.262m for 2016/17. The under spend was mainly due to savings within employee costs, premises and supplies and services within the core budget. The cost of Individual Electoral Registration was fully funded by Grant. The Board also received a one-off grant (allocated against the core budget) in respect of the EU Referendum which was under spent by £0.055m.

During 2016/17 the Board reached a good level of performance as defined by its Key Performance Indicators. The principal of these show that 93.86% of all new houses were entered onto the Council Tax List within 3 months following occupation and that 47.15% of all Valuation Roll amendments were made within 3 months following completion. 2016/17 was a major year in terms of delivery of the 2017 Revaluation and considerable resource was diverted from normal annual Valuation Roll duties to ensure the Revaluation was completed on time. The impact of this was that only a part year was available in which to undertake the entire normal Valuation Roll activity. Following the introduction of IER, Electoral Registration is subject to a new regime of performance monitoring by the Electoral Commission. This does not require the annual submission of statistical information to the Commission, rather an evidence based assessment of annual activity concerning various aspects of registration planning and delivery.

This review of financial performance is based on management accounting information, rather than the unaudited Annual Accounts, which are stated after adjustments to reflect IFRS based Code of Practice.

The outturn position, split between core Board duties and IER duties is summarised below:

	Core Revenue Budget (incl. EU Ref Grant)			Individual Electoral Registration (IER)			Total		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
• Employees	4,499	4,425	(74)	254	239	(15)	4,753	4,664	(89)
• Property	605	584	(21)	0	0	0	605	584	(21)
• Transport and Plant	101	84	(17)	13	3	(10)	114	87	(27)
• Supplies and Services	797	782	(15)	138	233	95	935	1,015	80
• Third Party Payments	95	88	(7)	0	0	0	95	88	(7)
• Support services	67	68	1	0	0	0	67	68	1
Total gross expenditure	6,164	6,031	(133)	405	475	70	6,569	6,506	(63)
• Sales, fees & charges	(43)	(45)	(2)	0	0	0	(43)	(45)	(2)
• EU Ref Grant	0	(127)	(127)	0	0	0	0	(127)	(127)
• IER Grant	0	0	0	(405)	(475)	(70)	(405)	(475)	(70)
• IORB	(3)	(3)	0	0	0	0	(3)	(3)	0
Total income	(46)	(175)	(129)	(405)	(475)	(70)	(451)	(650)	(199)
Total net expenditure	6,118	5,856	(262)	0	0	0	6,118	5,856	(262)

For the year ended 31st March 2017, the Board had an under spend against budget on its Comprehensive Income and Expenditure account of £0.262m (Note 2 refers). Actual is 95.7% of budget.

The Board recorded income totalling £0.740m in relation to Individual Electoral Registration at 31st March 2017, mainly in relation to specific grant provided by the Cabinet Office. Expenditure against this grant was £0.475m and therefore £0.265m was carried forward in to financial year 2017/18 to leave a balanced IER position for 2016/17.

The principal reasons for the surplus against the **core budget** are variances in the following budgets:

• <u>Employees</u>	£'000
Staffing turnover savings partially off-set by increased overtime.	(74)
• <u>Property</u>	(21)
Reduced cleaning and repairs and maintenance costs.	

LOTHIAN VALUATION JOINT BOARD

MANAGEMENT COMMENTARY

5. Review of the Lothian Valuation Joint Board performance 2016/17 (Contd.)

5.1 Financial Performance (Contd.)

The principal reasons for the surplus against the core budget are variances in the following budgets:

	£'000
<ul style="list-style-type: none">• <u>Transport costs</u> General reduction in travel expenses caused by an ongoing policy of survey process review and the impact of undertaking preparatory work for the 2017 Revaluation.	(17)
<ul style="list-style-type: none">• <u>Supplies and Services</u> Mainly reduced ICT costs relating to prepaid licence/maintenance costs transferred to 2017/18. There was also EU Referendum advertising costs included here which were funded by one-off grant within income.	(15)
<ul style="list-style-type: none">• <u>Third Party Payments</u> Minor under spends on the Valuation Appeals Committee and general property maintenance costs.	(7)
<ul style="list-style-type: none">• <u>Income</u> One-off grant associated with the EU Referendum of £0.127m was received during 2016/17. Overtime (£0.019m) and advertising costs (£0.053m) were incurred against this grant within employee costs and supplies and service respectively.	(129)

In accordance with paragraph 8 of the Valuation Joint Boards (Scotland) Order 1995, all under spending pertaining to the Board is retained in the form of a usable reserve. The audited usable reserve balance at 31st March 2016 was £0.749m. The £0.262m under spend for financial year 2016/17 has been transferred to the usable reserve pending a decision from the Board on whether or not this should be refunded to constituent councils. A decision will be required at the Boards meeting on the 4th September 2017 following approval of the audited annual accounts 2016/17.

5.2 Overview of performance targets in 2016/17

The Board measures performance in council tax valuation through a number of indicators including the time taken to notify new householders of valuation banding. In 2016/17, 93.86% (2015/16 – 96.46%) of notifications were made within 3 months set against a target of 95%.

For non-domestic properties, a similar indicator is used for notification of changes, with 47.15% of property owners notified within 3 months against a target of 50% (2015/16 : 72.11%). When considering the performance level achieved cognisance must be taken of the considerable additional pressures placed on the staff resource in respect of the delivery of the 2017 Revaluation. The timeframe within which to conduct normal Valuation Roll activity was much reduced during 2016/17.

The new process of registration under IER means that following the annual canvass many applications to register are still awaiting return and are not reflected in the electorate figures provided. The following electorate statistics therefore should be viewed as a snap shot, as at March 2017 657,858; April 2016 650,531; February 2015 660,030; March 2014 639,401.

6. The main trends and factors likely to affect the future development and performance

The main trends and factors likely to affect the development and performance of the Board are those that influence the future direction of service provision. This direction is driven by legislative changes enacted, new case law and following formal reviews. When future direction is subject to scrutiny and review, inevitably uncertainties and risks arise that may inhibit the development of forward thinking strategies aimed at improving efficiency and performance. This uncertainty is amplified when placed within the current environment of fiscal constraint that all local authority bodies are currently facing. The introduction of IER exemplifies one of the outcomes of legislative change. A financial legacy currently funded by direct government intervention is required annually to support the service delivery of electoral registration requirements. The removal of this funding support or the failure to reduce the legacy costs by alteration or improvement to the required process presents a risk to the Board should it be unable to secure the required budget. While the Board holds a reserve fund that can be used to support the electoral service in the short term should the need arise, by the time government support is withdrawn and the direct funding is exhausted action must have been taken to either secure additional funding from constituent authorities and/or the additional funding has been consumed within existing core budget levels. To date the annual government funding has been sufficient to cover the additional costs associated with electoral registration and no recourse to the reserve has been necessary. This commentary has already indicated the risks that may affect service delivery associated with Council Tax and Valuation Roll. To establish a way forward the Board has commenced a Transformation and Cultural Change programme aimed at achieving a financially sustainable position within which services can be delivered in the medium and longer terms while providing the required flexibility that shall allow appropriate reaction to any significant changes in legislative requirement.

LOTHIAN VALUATION JOINT BOARD

MANAGEMENT COMMENTARY

6. The main trends and factors likely to affect the future development and performance (Contd.)

The Board faces a number of challenges looking ahead. Potential financial pressures include:

- The ongoing cost of Individual Electoral Registration (IER) - The Cabinet Office has indicated its intention to continue to provide funding in the light of ongoing additional costs created by the introduction of IER. This commitment is coupled with investigations and pilot schemes aimed at identifying amendments to the IER process that shall result in lower costs and eventually over a number of years bring IER into a cost neutral position. It is important the Board is suitably positioned to take advantage of these changes and be best placed to align electoral registration spending pre and post IER. Currently a number of key electoral activities, for example the Household Canvass Team and the Customer Support Group, are in part funded by Cabinet Office funding. The forthcoming challenge shall be to ensure the costs associated with these activities and services can be progressively consolidated within core budget allocations.
- Recently the Board has dealt with multiple election and referendum events during a single year. 2016 saw the Scottish Parliamentary elections and a referendum on European membership. 2017 involves Scottish Local Authority elections closely followed by a snap Westminster Parliamentary election. Such activity places considerable pressure on resources and in particular costs associated with postage, printing and overtime can be affected. The future direction would imply that such activity is likely to continue with events such as a further independence referendum or possible elections arising from "Brexit" negotiations having to be considered.
- The Scottish Government has recently announced changes to Council Tax which have minimal impact on the Boards Council Tax activities. However a degree of uncertainty remains as regards the longer term future of local domestic taxation in Scotland. In terms of the Valuation Roll and the Non-Domestic Rating, recommendations are expected during 2017 from the Barclay Commission investigation into the Business Rating System. These may have a profound impact on not only the nature of service requirement but also the manner in which these services are delivered. Both of these issues represent uncertainty and risk in terms of future direction and the funding requirement required to support service delivery.
- During March 2017 the 2017 Revaluation went live with revised rateable values effective from 1st April 2017 being notified to ratepayers. Ratepayers have until 30th September 2017 to lodge appeals against these revised assessments. Dependant on the number of appeals received considerable pressure may be placed upon existing levels of resource required to dispose of these appeals within the statutory timetable. In addition, while the level of recourse that may be made to higher courts such as the Lands Tribunal and the Lands Valuation Appeal Court to dispose of more complex appeals is at this stage unknown, should this occur in considerable volume additional pressure on both staff and financial resource shall be experienced.

The Board acknowledges the financial pressures, challenges and uncertainties it faces. There exists a need to meet these challenges and provide the required services within a framework of financial sustainability while also ensuring sufficient flexibility to react to changes brought about by legislative intervention. The Board therefore has commenced a programme of Transformation and Cultural Change aimed at meeting these challenges in the medium and longer term.

LOTHIAN VALUATION JOINT BOARD

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. In this Board, that officer is the Treasurer;
- to manage its affairs to secure economic, efficient and effective use of those resources and safeguard its assets;
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

The Treasurer's Responsibilities

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 of Practice).

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;
- complied with the Code of Practice, except where stated in the Policies and Notes to the Financial Statements.

The Treasurer has also:

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

The Annual Accounts

The Annual Accounts present a true and fair view of the financial position of the Board as at 31st March 2017, and its income and expenditure for the year ended 31st March 2017.

Treasurer:
Hugh Dunn, CPFA

Date: _____

LOTHIAN VALUATION JOINT BOARD

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on different reserves held by the Board, analysed into Usable Reserves (that is, those that can be applied to fund expenditure) and Unusable Reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Board's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance before any discretionary transfers to or from other statutory reserves undertaken by the Board.

2015/16 - Previous Year Comparative	Usable Reserves	Unusable Reserves	Total Board Reserves
	General Fund Balance		
	£'000	£'000	£'000
Opening Balances at 1 April 2015	(596)	11,337	10,741
Total Comprehensive Income and Expenditure	624	(6,357)	(5,733)
Adjustments between accounting basis & funding basis under regulations (Note 7.2)	(777)	777	0
Net (increase)/decrease before transfers to Other Statutory Reserves	(153)	(5,580)	(5,733)
(Increase)/Decrease in 2015/16	(153)	(5,580)	(5,733)
Balance at 31 March 2016 carried forward	(749)	5,757	5,008

2016/17 - Current Financial Year	Usable Reserves	Unusable Reserves	Total Board Reserves
	General Fund Balance		
	£'000	£'000	£'000
Opening Balances at 1 April 2016	(749)	5,757	5,008
Total Comprehensive Income and Expenditure	145	5,787	5,932
Adjustments between accounting basis & funding basis under regulations (Note 7.1)	(407)	407	0
Net (increase)/decrease before transfers to Other Statutory Reserves	(262)	6,194	5,932
(Increase)/Decrease in 2016/17	(262)	6,194	5,932
Balance at 31 March 2017 carried forward	(1,011)	11,951	10,940

General Fund analysed over:	£'000
Amounts earmarked	0
Amounts uncommitted	(1,011)
Total General Fund Balance at 31 March 2017	(1,011)

LOTHIAN VALUATION JOINT BOARD

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with the generally accepted accounting practices, rather than the amount to be funded from requisitions. The Board receives requisitions to cover expenditure in accordance with regulations; this may be different from the accounting cost.

2015/16				2016/17		
<i>restated</i> Gross Expenditure £'000	<i>restated</i> Gross Income £'000	<i>restated</i> Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
6,716	(386)	6,330	Core budget	6,196	(172)	6,024
464	(434)	30	Individual electoral registration	496	(475)	21
7,180	(820)	6,360	Cost Of Services	6,692	(647)	6,045
Financing and Investment Income:						
0	(3)	(3)	Interest & Investment income (Note 10.2)	0	(3)	(3)
0	0	0	Pensions interest cost & expected return on pensions assets	0	0	0
1,705	0	1,705	Interest Cost on Defined Benefit Obligation (Note 23.5)	1,729	0	1,729
0	(1,320)	(1,320)	Interest Income on Plan Assets (Note 23.4)	0	(1,508)	(1,508)
1,705	(1,323)	382	Total Financing and Investment Income	1,729	(1,511)	218
Other operating Expenditure:						
0	0	0	(Gains) / Losses on disposal of Non-Current Assets	0	0	0
0	0	0		0	0	0
Taxation and Non-Specific Grant Income:						
0	(6,118)	(6,118)	Constituent council requisitions (Note 27)	0	(6,118)	(6,118)
0	(6,118)	(6,118)	Total Taxation and Non-Specific Grant Income	0	(6,118)	(6,118)
8,885	(8,261)	624	(Surplus) or Deficit on Provision of Services (Note 2)	8,421	(8,276)	145
Other Comprehensive Income and Expenditure:						
0	0	0	Surplus or deficit on revaluation of non-current assets	0	0	0
(5,195)	0	(5,195)	Change in Financial Assumptions (Note 23.5)	13,969	0	13,969
0	0	0	Change in Demographic Assumptions (Note 23.5)	0	0	0
0	(446)	(446)	Other Experience (Note 23.5)	55	0	55
0	(716)	(716)	Return on pension assets excl. amounts included in net int. (Note 23.4)	0	(8,237)	(8,237)
		0	Actuarial gains / losses on pension assets / liabilities			0
3,690	(9,423)	(5,733)	Total Comprehensive Income and Expenditure	22,445	(16,513)	5,932

The Cost of Services presentation within the Comprehensive Income and Expenditure Statement has been changed to reflect the introduction of the new Expenditure and Funding Analysis as a result of the Telling the Story review of the presentation of the Board's financial statements. This has no impact on the overall Cost of Services figures included for 2015/16 and 2016/17 above.

LOTHIAN VALUATION JOINT BOARD

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Board. The net assets of the Board (assets less liabilities) are matched by the reserves held by the Board. Reserves are reported in two categories. The first category of reserves are usable reserves, that is, 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 are those that the Board is not able to use to provide services. This category of reserves include reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

31 March 2016 £'000		Notes	31 March 2017 £'000
477	Property, plant and equipment	8.1	453
99	Intangible assets	9	86
90	Long-term debtors	25	85
666	Long term assets		624
0	Inventories	11	0
286	Short-term debtors	12	272
1,302	Cash and cash equivalents	13	1,513
1,588	Current assets		1,785
(463)	Short-term creditors	14	(429)
(463)	Current liabilities		(429)
(560)	Other long-term liabilities	26	(525)
(6,239)	Other long-term liabilities (Pensions)	23.3	(12,395)
(6,799)	Long-term liabilities		(12,920)
(5,008)	Net liabilities		(10,940)
(749)	Usable reserves	15	(1,011)
5,757	Unusable reserves	15	11,951
5,008	Total reserves		10,940

The unaudited Annual Accounts were authorised for issue on the 7th June 2017.

Treasurer: _____
Hugh Dunn, CPFA

Date: _____

LOTHIAN VALUATION JOINT BOARD

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Board during the reporting period. The statement shows how the Board generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flow arising from operating activities is a key indicator of the extent to which the operations of the Board are funded by way of requisitions and recipients of services provided by the Board. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Board's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows.

31 March 2016 £'000	31 March 2016 £'000		31 March 2017 £'000	31 March 2017 £'000
OPERATING ACTIVITIES				
(604)		Cash received for goods and services	(692)	
(48)		Other local authorities	(6)	
(3)		Interest received	(3)	
(6,118)		Other operating cash receipts	(6,118)	
	(6,773)	Cash inflows generated from operating activities		(6,819)
4,786		Cash paid to and on behalf of employees	4,658	
1,872		Cash paid to suppliers of goods and services	1,887	
	6,658	Cash outflows generated from operating activities		6,545
	(115)	Net cash flows from operating activities (Note 16.1)		(274)
INVESTING ACTIVITIES				
46		Purchase of property, plant and equipment and intangible assets.	63	
0		Proceeds from sales of property, plant and equipment and intangible assets.	0	
	46	Net cash flows from investing activities		63
	0	Net cash flows from financing activities		0
	(69)	Net (increase)/decrease in cash and cash equivalents (Note 16.2)		(211)
<hr/>				
1st April £'000	1st April £'000		1st April £'000	1st April £'000
1,233		Cash and cash equivalents	1,302	
	1,233			1,302
31st March			31st March	
1,302		Cash and cash equivalents	1,513	
	1,302			1,513
	(69)	Net (increase)/decrease in cash and cash equivalents (Note 16.2)		(211)

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES

1.1 General

The Annual Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) based Code of Practice in the United Kingdom (the Code). This is to ensure that the Annual Accounts "present a true and fair view" of the financial position and transactions of the Board.

From 1st April 2010, the Board implemented the requirements of International Financial Reporting Standards for the first time and these are used for the purpose of preparing the Annual Accounts for the year ended 31st March 2017.

The Annual Accounts have been prepared on an historic cost basis, modified by the revaluation of certain categories of fixed assets where appropriate.

1.2 Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place and not simply when cash payment is made or received. This means that expenses are recorded when goods or services have been received and income is recorded when goods or services have been provided. This recording is irrespective of whether cash has actually been paid or received in the year.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions, repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments maturing in three months or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

1.4 Changes in Accounting Policies, Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events or conditions on the Board's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, that is, in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.5 Revenue Expenditure

Revenue expenditure is that which does not yield benefit beyond the year of account. In broad terms the revenue expenditure of the Board can be divided into two categories:

- employees;
- day-to-day operating expenses, includes costs incurred in respect of furniture and fittings, and equipment.

All revenue expenditure is accounted for on an accruals basis.

Each year net revenue expenditure is met by way of requisitions on the City of Edinburgh, Midlothian, East Lothian and West Lothian Councils.

1.6 Capital Expenditure

Capital expenditure is presented as a fixed asset in the Balance Sheet. Capital expenditure is the expenditure on the acquisition of tangible or intangible assets which adds to and not merely maintains the value of an existing asset provided that it yields benefits to the Board and the services it provides for a period of more than one year. Capital expenditure is subject to a de-minimis level of £6,000.

These fixed assets are matched by a Capital Adjustment Account within the Balance Sheet. This reserve does not represent resources available to the Board.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.7 Short Term Debtors and Short Term Creditors

The revenue and capital transactions of the Board are recorded on an accruals basis which means that amounts due to or from the Board, but still outstanding at the year end, are included in the accounts. Where there was insufficient information to provide actual figures, estimates have been included.

1.8 Value Added Tax

Value Added Tax is excluded from the Annual Accounts unless it is not recoverable from HM Revenues and Customs.

1.9 Non-Current Assets

a) *Intangible Assets*

Recognition:

- Intangible assets are non-current assets that have no physical substance but are identifiable and controlled by the Board and it can be established that there is an economic benefit or service potential associated with the item which will flow to the Board. This expenditure is mainly in relation to software licenses purchased by the Board. Expenditure on the acquisition, creation or enhancement of intangible assets has been capitalised on an accruals basis.

Depreciation:

- Software licences classified as intangible assets. In most cases intangible assets are depreciated over the period of the licence, however, where the period of the licence is deemed 'infinite' the software will be depreciated based on an assessment of expected useful life. Depreciation charges commence in the year after acquisition.

Measurement:

- Intangible assets are initially measured at cost and included in the Balance Sheet at net historical cost.

b) *Property, Plant and Equipment*

Property, plant and equipment are tangible items held for use by the Board in its provision of service and are expected to be used for more than one financial year. Property, plant and equipment are included in the Balance sheet in the following classes:

- Leasehold improvements;
- Vehicles, plant, furniture and equipment

Recognition:

- Expenditure on the acquisition, creation or enhancement of these non-current assets has been capitalised on an accruals basis, provided that future economic benefits or service potential associated with the item will flow to the Board and the cost of the item can be measured reliably. This expenditure is subject to the application of a de-minimis level of £6,000.

Depreciation:

Depreciation is provided on all property, plant and equipment with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- No depreciation is charged on freehold land;
- Depreciation is not provided in the year of an asset's purchase;
- Depreciation is calculated using the straight-line basis on the opening book value over the remaining useful life of the asset;

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.9 Non-Current Assets (Contd.)

b) Property, Plant and Equipment (Contd.)

Depreciation (Contd.):

- Non-current assets are depreciated as follows:

Asset	Years
Property (Leasehold improvements) Depreciated over remaining life of asset	15
Vehicles, plant and equipment	5

Measurement:

Property, plant and equipment, and leasehold improvements are measured at depreciated historic cost. This does not comply with the Code, however, the difference is not considered material.

De-recognition:

An asset is de-recognised either on its disposal or where no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from de-recognition of an asset is included in "Surplus or Deficit on the Provision of Service" within the Comprehensive Income and Expenditure Statement when the asset is de-recognised. The gain or loss on de-recognition of property, plant and equipment assets is a reconciling item in the "Movement in Reserves Statement for the General Fund".

Impairment:

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired, that is, that the carrying value of an asset on the Balance sheet exceeds its recoverable amount. Where indications exist and any possible differences are material, the recoverable amount is estimated and an impairment loss is recognised for the shortfall. Impairment losses, if any, are accounted for by debiting any accumulated balance of revaluation gains for the asset held in the Revaluation Reserve or where there is no or insufficient balance in the Revaluation Reserve, by debiting the relevant service line in the Comprehensive Income and Expenditure Statement.

1.10 Overheads and Support Services

The costs of support services are allocated on a basis appropriate to the service provided in order to match costs to service usage. Certain support service costs are provided under a Service Level Agreement between the Board and service provider.

1.11 Charges to Comprehensive Income and Expenditure Statement for use of non-current assets

The Comprehensive Income and Expenditure Statement is charged with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the Board;
- Impairment losses, if any, attributable to the clear consumption of economic benefits on property, plant and equipment used by the Board.

The Board is not required to raise requisitions on the constituent councils to cover depreciation or impairment losses. Depreciation and impairment losses are not proper charges under statutory accounting requirements and are therefore a reconciling item in the Movement in Reserves Statement for the General Fund by way of an adjusting transaction with the Capital Adjustment Account.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.12 Leases

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

a) Finance Leases

Leased-in assets

The Board has not identified any leased-in assets that fall under the definition of finance leases.

Leased-out assets

The Board has not identified any leased-out assets that fall under the definition of finance leases.

b) Operating Leases

Leased-in assets

Rental payments, net of benefits received, under operating leases are charged to the Comprehensive Income and Expenditure statement on a straight line basis over the life of the lease.

Leased-out assets

The Board has not identified any leased-out assets that fall under the definition of operating leases.

1.13 Provisions

Provision is made within the Statement of Accounts when the board has a present legal or constructive obligation as a result of a past event, there is a probability of a transfer of economic benefit and a reliable estimate can be made of the obligation. Provisions are charged to the Comprehensive Income and Expenditure Statement in the year in which the Board becomes aware of the obligation.

1.14 Contingent Liability

A contingent liability is defined as either a possible obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events, which are not wholly within the control of the Board or a present obligation that arises from past events, but it is not possible that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. If such obligation exist, they are not recognised in the Balance Sheet but are disclosed as a note to the Statement of Accounts.

1.15 Contingent Assets

A contingent asset arises where an event has taken place that gives the Board a possible asset whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, which are not wholly within the control of the Board. If such assets exist, they are disclosed as a note to the Statement of Accounts.

1.16 Employee Benefits

Cost of service includes a charge for annual leave to which employees are entitled, but have not taken as at the Balance Sheet date. The Board is not required to raise requisitions on constituent councils to cover the cost of accrued annual leave. These costs are therefore replaced by revenue provision in the Movement in Reserves Statement for the General Fund balance by way of an adjusting transaction with the Accumulated Absences Account.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.17 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Board to terminate employees' employment before the normal retirement date or an employee's decision to accept voluntary redundancy. These amounts are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Board is demonstrably committed to either terminating the employment of an employee or making an offer to encourage voluntary redundancy.

1.18 Inventories

Inventories are assets in the form of materials or supplies which are consumed, distributed or held for sale in the ordinary course of the Board's operations. The balance of inventories held 2012/13 was deemed to have no realisable value and was written off to the Income and Expenditure during 2013/14.

1.19 Pensions

The Joint Board is an admitted body to the Local Government Pension Scheme (LGPS) which is administered by the Lothian Pension Fund. The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

The Annual Accounts have been prepared including pension costs, as determined under International Accounting standard 19 - Employee Benefits (IAS 19). The cost of service in the Comprehensive Income and Expenditure Statement includes expenditure equivalent to the amounts of retirement benefits the Board has committed to pay during the year. Interest Cost on Defined Pension Obligation and Interest Income on Plan Assets have been included in the "Surplus or Deficit on the Provision of Services" within the Comprehensive Income and Expenditure Statement. Other comprehensive income and expenditure within the statements also now shows the financial effect of changes in financial assumptions, other experience and return on pension assets excluding amounts included in net interest.

The pension costs charged to the Comprehensive Income and Expenditure Statement in respect of employees are not equal to contributions paid to the funded scheme for employees. The amount by which pension costs under IAS19 are different from the contributions due under the pension scheme regulations are disclosed in the Movement in Reserves Statement for the General Fund Balance.

Pension assets have been valued at bid value (purchase price), as required under IAS19.

Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund.

1.20 Revenue Contributions

Revenue contributions from constituent councils have been included in the Annual Accounts on an accruals basis.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.21 Reserves

Reserves held on the Balance Sheet are classified as either usable or unusable. Usable reserves hold monies that can be applied to fund expenditure. Unusable reserves cannot be applied to fund expenditure.

The Board operates the following usable reserves:

a) General Fund

This represents the balance of the surpluses or deficits arising from the Comprehensive Income and Expenditure Statement. The Board changed its accounting policy in relation to unspent requisitions during 2015/16.

The Board operates the following unusable reserves:

b) Capital Adjustment Account

This provides a balancing mechanism between the different rates at which assets are depreciated and financed.

c) Pension Reserve

This represents the difference between the monies which the Board requires to meet its pension liability as calculated under International Accounting Standards 19, Employee Benefits (IAS 19) and the amount required to be charged to the General Fund in accordance with statutory requirement governing Local Government Pension Scheme.

d) Accumulated Absences Account

This represents the net monies which the Board requires to meet its short-term compensated absences for employees under IAS19.

1.22 Financial Instruments

a) Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. As at 31st March, 2017, the Board had no borrowings.

b) Financial Assets

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. The Board holds its surplus funds with the City of Edinburgh Council in a pooled investment arrangement and does not place external deposits in its own name. These sums are presented in the Balance Sheet as the balance due from the City of Edinburgh Council and interest receivable from this investment is credited to the Comprehensive Income and Expenditure Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

LOTHIAN VALUATION JOINT BOARD

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.23 Events After the Balance Sheet Date

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

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

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

1.24 Exceptional Items

When items of income and expenditure are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Board's financial performance.

1.25 Going Concern

It is appropriate to adopt a going concern basis for the preparation of the Annual Accounts as the constituent authorities have a legal obligation under the 1995 Combined Area Amalgamation Scheme Order to provide the Joint Board with funding to meet all liabilities as they fall due.

LOTHIAN VALUATION JOINT BOARD

2. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (requisitions from local authorities) by the Lothian Valuation Joint Board in comparison with those resources consumed or earned by the Lothian Valuation Joint Board in accordance with general accounting practice. It also shows how this expenditure is allocated for decision making purposes between service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES) (see page 8).

EXPENDITURE AND FUNDING ANALYSIS							
Net Expend. Chargeable to the General Fund £000	2015/16		Net Expenditure in the CIES £000		2016/17		
	Adjustments £000				Net Expend. Chargeable to the General Fund £000	Adjustments £000	Net Expenditure in the CIES £000
5,965	365		6,330	Core Budget	5,856	168	6,024
0	30		30	Individual Electoral Registration	0	21	21
5,965	395		6,360	Net Cost of Services	5,856	189	6,045
				Other Income and Expenditure			
(6,118)	0		(6,118)	Constituent council requisitions	(6,118)	0	(6,118)
0	(3)		(3)	Interest and investment income	0	(3)	(3)
0	385		385	Net pension interest cost	0	221	221
(153)	777		624	(Surplus) or deficit on the provision of services	(262)	407	145
(596)				Opening General Fund Balance	(749)		
(153)				Surplus on the provision of services	(262)		
(749)				Closing General Fund Balance at 31 March	(1,011)		

Notes to the Expenditure and Funding Analysis:

2.1 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2016/17:

	Adjusts. For Capital Purposes £000	Net Change for Pensions Adjusts. £000	Other Differences £000	Total Statutory Adjusts. £000	Presentation Adjusts. £000	Total Adjusts. £000
Core budget	37	130	(2)	165	3	168
Individual electoral registration	0	18	3	21	0	21
Net Cost of Services	37	148	1	186	3	189
Other Income and Expenditure						
Constituent council requisitions	0	0	0	0	0	0
Interest and investment income	0	0	0	0	(3)	(3)
Net pension interest cost	0	221	0	221	0	221
(Surplus) or deficit on the provision of services	37	369	1	407	0	407

LOTHIAN VALUATION JOINT BOARD

2. EXPENDITURE AND FUNDING ANALYSIS (Contd.)

Notes to the Expenditure and Funding Analysis:

2.1 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

- Adjustments for capital purposes include the removal of depreciation and impairment costs, and the inclusion of capital funded from current revenue.
- Net changes for pensions adjustment relates to the adjustment made for the removal of IAS19 Employee Benefits pension related expenditure and income with the pension contributions.
- Other differences relate to the reversal of the value of entitlement to accrued leave.
- Presentational adjustments relate primarily to the presentation of interest on revenue balances.

2.2 Segmental Analysis of Expenditure and Income included in Expenditure and Funding Analysis

Expenditure and Income received on a segmental basis is analysed below:

	Core Budget	Individual Electoral Registration	Total
	£000	£000	£000
Expenditure			
Employee expenses	4,424	239	4,663
Other service expenses	1,539	236	1,775
Support service recharges	68	0	68
Total Expenditure	6,031	475	6,506
Income			
Revenues from external customers	(172)	(475)	(647)
Income from recharges for services	0	0	0
Interest and investment income	(3)	0	(3)
Total Income	(175)	(475)	(650)
Net Cost of Services per EFA	5,856	0	5,856

2.3 Expenditure and Income Analysed by Nature

The Board's expenditure and income, as set out within the Comprehensive Income and Expenditure Statement is analysed as follows:

	2015/16	2016/17
	£000	£000
Expenditure		
Employee expenses	5,138	4,812
Other service expenses	1,881	1,712
Support service recharges	61	68
Depreciation, amortisation and impairment	100	100
Interest payments	1,705	1,729
Gain on the disposal of assets	0	0
Total Expenditure	8,885	8,421
Income		
Fees, charges and other service income	(820)	(647)
Interest and investment income	(1,323)	(1,511)
Income from constituent Councils	(6,118)	(6,118)
Government grants and other contributions	0	0
Total Income	(8,261)	(8,276)
(Surplus) or Deficit on the Provision of Services	624	145

LOTHIAN VALUATION JOINT BOARD

3. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2017/18 Code. For 2016/17 the following accounting policy changes that need to be reported relate to:

- Amendment to the reporting of pension fund scheme transaction costs,
- Amendment to the reporting of investment concentration.

The Code does not anticipate that the above amendments will have a material impact on the information provided in the Board's Annual Accounts.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- There is high degree of uncertainty about future levels of funding for local government, however, the Board has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Board might be impaired as a result of a need to reduce levels of service provision.

5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Board about the future or events that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors.

5.1 Property, Plant and Equipment

Uncertainties

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relations to individual assets. The current economic climate may mean that the Board restricts spending on repairs and maintenance which, in turn, may have an effect on the useful lives of the assets.

Effect if Actual Result Differs from Assumptions

If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge would increase by £0.001m for every year that useful lives had to be reduced.

LOTHIAN VALUATION JOINT BOARD

5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (Contd.)

5.2 Pension Liabilities

Uncertainties

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Board with expert advice about the assumptions to be applied.

Effect if Actual Result Differs from Assumptions

The Board's actuaries advised that the balance sheet position is likely to have worsened over 2016/17. This is as a result of a significant decrease in the net discount rate (much lower discount rate, net of slightly higher inflation) over this period. The effect of this will typically have been at least partially offset by much greater than expected asset returns.

The following table shows the sensitivity of the results to the changes in the assumptions used to measure the scheme liabilities. Approximate percentage changes and monetary values are shown:

	Approximate % increase to Employer Obligations %	Approximate monetary value £000
0.5% decrease in Real Discount Rate	12%	7,683
0.5% increase in the Salary Increase Rate	5%	3,027
0.5% increase in the Pension Increase Rate	7%	4,386

6. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period.

LOTHIAN VALUATION JOINT BOARD

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2016/17 - Current Financial Year	Usable Reserves	Unusable Reserves			
	General Fund Balance	Capital Adjustment Account	Pension Reserve	Accumulated Absence Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Charges for depreciation and impairment of non-current assets	(82)	82	0	0	82
Amortisation of intangible assets	(18)	18	0	0	18
Insertion of items not debited or credited to the CIES					
Capital expenditure charged against General Fund Balance	63	(63)	0	0	(63)
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	(1,131)	0	1,131	0	1,131
Employer's pension contributions and direct payments to pensioners payable in the year	762	0	(762)	0	(762)
Adjustments primarily involving the Employee Statutory Adjustment Account					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1)	0	0	1	1
Total Adjustments	(407)	37	369	1	407

LOTHIAN VALUATION JOINT BOARD

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (Contd.)

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

2015/16 - Previous Year Comparative	Usable Reserves	Unusable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Adjustment Account	Pension Reserve	Accumulated Absence Account	
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Charges for depreciation and impairment of non-current assets	(92)	92	0	0	92
Amortisation of intangible assets	(8)	8	0	0	8
Insertion of items not debited or credited to the CIES					
Capital expenditure charged against General Fund Balance	46	(46)	0	0	(46)
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	(1,563)	0	1,563	0	1,563
Employer's pension contributions and direct payments to pensioners payable in the year	837	0	(837)	0	(837)
Adjustments primarily involving the Employee Statutory Adjustment Account					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3	0	0	(3)	(3)
Total Adjustments	(777)	54	726	(3)	777

LOTHIAN VALUATION JOINT BOARD

8. PROPERTY PLANT AND EQUIPMENT

Movements on balances:

8.1 <u>Current Year Movements in 2016/17</u>	Leasehold Improvements £000's	Vehicles Plant and Equipment £000's	Total Property Plant and Equipment £000's
Cost or Valuation			
At 1st April 2016	432	388	820
Impairment	0	0	0
Derecognised assets GBV reversal	0	0	0
Additions	0	58	58
At 31st March 2017	432	446	878
Accumulated Depreciation			
At 1st April 2016	(149)	(194)	(343)
Derecognised assets depreciation reversal	0	0	0
Depreciation charge	(18)	(64)	(82)
At 31st March 2017	(167)	(258)	(425)
Net Book Value at 31st March 2017	265	188	453

8.2 <u>Previous Year Movements in 2015/16</u>	Leasehold Improvements £000's	Vehicles Plant and Equipment £000's	Total Property Plant and Equipment £000's
Cost or Valuation			
At 1st April 2015	432	422	854
Impairment	0	0	0
Derecognised assets GBV reversal	0	(39)	(39)
Additions	0	5	5
At 31st March 2016	432	388	820
Accumulated Depreciation			
At 1st April 2015	(131)	(159)	(290)
Derecognised assets depreciation reversal	0	39	39
Depreciation charge	(18)	(74)	(92)
At 31st March 2016	(149)	(194)	(343)
Net Book Value at 31st March 2016	283	194	477

8.3 Depreciation

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

- Leasehold improvements (buildings) - 15 years
- Vehicles, plant and equipment - 5 years

LOTHIAN VALUATION JOINT BOARD

8. PROPERTY PLANT AND EQUIPMENT (Contd.)

8.4 Capital Commitments

At 31st March 2017, there were no capital commitments entered into by the Board.

8.5 Revaluations

Property, plant and equipment are shown in the balance sheet at depreciated historic cost. This does not comply with the Code, however, the difference is not considered material.

The significant assumptions applied in estimating the fair values are:

- the property was not inspected - this was neither practical nor considered by the valuer to be necessary for the purpose of the valuation;
- unless stated otherwise, all properties with greater than de-minimus value were assumed to be in reasonable state of repair and have a life expectancy of more than 50 years;
- the valuations were prepared using information from the City of Edinburgh Council's internal records as well as the Valuation Roll produced by the Lothian Valuation Joint Board.

	Leasehold Improvements £000's	Vehicles Plant and Equipment £000's	Total Property Plant and Equipment £000's
Carried at historical cost	265	188	453
Valued at fair values as at:			
• 31st March 2017	0	0	0
• 31st March 2016	0	0	0
• 31st March 2015	0	0	0
• 31st March 2014	0	0	0
• 31st March 2013	0	0	0
Total Cost or Valuation	265	188	453

LOTHIAN VALUATION JOINT BOARD

9. INTANGIBLE ASSETS

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

All software is given a useful life, based on assessments of the period that the software is expected to be of use to the Board. The useful lives assigned to the major software suites used by the Board are:

- 3 years:
 - Dacoll Limited - Back-up software
 - Phoenix Software - GFI langard software

- 5 years:
 - Civica UK Ltd - Software to increase robustness
 - Trustmarque Solutions Ltd - Sharepoint software
 - Zerion - Canvass operation software
 - Trustmarque Solutions Ltd - Visual Studio and SQL server licences

- 10 years :
 - Dacoll virtual environment - software/licences
 - Microsoft Office licences
 - Document & Data Disposal Module software

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £0.018m was charged to the Comprehensive Income and Expenditure during 2016/17.

The movement on Intangible Assets during the year is as follows:

	2015/16	2016/17
	£'000	£'000
Balance at start of year:		
• Gross carrying amounts	89	131
• Accumulated amortisation	(24)	(32)
Net carrying amount at start of year	65	99
Additions	42	5
Impairment of assets	0	0
Derecognition - disposals	0	0
Derecognition - disposals (accum amort adjustment)	0	0
Amortisation for the period	(8)	(18)
Net carrying amount at end of year	99	86
Comprising:		
• Gross carrying amounts	131	136
• Accumulated amortisation	(32)	(50)
	99	86

LOTHIAN VALUATION JOINT BOARD

10. FINANCIAL INSTRUMENTS

10.1 In accordance with IAS 32 Financial Instruments: Presentation; IAS 39 Financial Instruments: Recognition and Measurement; and FRS 7 Financial Instruments : Disclosures; this note details the make up of financial instruments, both assets and liabilities, the key risks the Board is exposed to in its management of its financial instruments, and how these are managed. From 1st April 2012, the Board changed its Accounting Policy in respect of the transfer of assets to comply with amendments to IFRS 7 issued in October 2010. The standard does not have a material impact on the Annual Accounts of the Board.

	Long-term		Current	
	31st March 2016 £'000	31st March 2017 £'000	31st March 2016 £'000	31st March 2017 £'000
Investments				
Loans and receivables	0	0	1,302	1,513
Creditors				
Trade creditors	0	0	(10)	(12)

10.2 Income, Expenses, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	Financial Liabilities measured at amortised cost 31st March 2016 £'000	Financial Liabilities measured at amortised cost 31st March 2017 £'000
Total expense and income in Surplus or Deficit on the Provision of services :		
Interest income	3	3

10.3 Fair Values of Assets and Liabilities

The Fair Value of Financial Instruments have been calculated in accordance with IFRS 13.

- loans to and from the City of Edinburgh Council are variable rate and repayable on demand. The fair value of these loans has therefore been taken to be their carry value.
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2016		31 March 2017	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Trade creditors	(10)	(10)	(12)	(12)
Loans and receivables	1,302	1,302	1,513	1,513

LOTHIAN VALUATION JOINT BOARD

11. INVENTORIES

No inventories were held which were considered to be material.

12. SHORT TERM DEBTORS

	31st March 2016 £'000	31st March 2017 £'000
Debtors:		
• HM Revenues and Customs - VAT	0	10
• Rent	57	57
• Car leasing	0	4
• Annual licenses, support or maintenance	33	51
• Insurances	17	16
• Other entities and individuals	179	134
	<hr/>	<hr/>
	286	272

13. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	31st March 2016 £'000	31st March 2017 £'000
Cash held by the Board	1	1
Other local authorities	1,301	1,512
	<hr/>	<hr/>
	1,302	1,513

14. SHORT TERM CREDITORS

	31st March 2016 £'000	31st March 2017 £'000
Employee costs	(93)	(105)
Valuation Appeals Panel - Secretary's fees	(11)	(10)
IER Grant	(268)	(265)
Other entities and individuals	(55)	(49)
HM Revenues and Customs - VAT	(36)	0
	<hr/>	<hr/>
Total	(463)	(429)

LOTHIAN VALUATION JOINT BOARD

15. USABLE AND UNUSABLE RESERVES

<u>USABLE</u>		31st March	31st March
		2016	2017
		£'000	£'000
15.1	General Fund Balance	(749)	(1,011)
		<u>(749)</u>	<u>(1,011)</u>

<u>UNUSABLE</u>		31st March	31st March
		2016	2017
		£'000	£'000
15.2	Capital Adjustment Account	(575)	(538)
15.3	Pension Reserve	6,239	12,395
15.4	Accumulated Absence Account	93	94
		<u>5,757</u>	<u>11,951</u>

15.1 General Fund Balance

Movements in the Authority's usable reserve are detailed in the Movement in Reserves Statement. The General Fund balance represents the balance of the surpluses or deficits arising from the Comprehensive Income and Expenditure Statement.

The table below details the surplus or deficits arising annually since 2010/11. Prior to 2010/11 all surplus balances were refunded to constituent councils.

	31st March	31st March
	2016	2017
<u>Year</u>	£'000	£'000
2010/11	(228)	(228)
2011/12	(42)	(42)
2012/13	(127)	(127)
2013/14	(24)	(24)
2014/15	(175)	(175)
2015/16	(153)	(153)
2016/17	-	(262)
	<u>(749)</u>	<u>(1,011) *</u>

* On the 6th Feb 2017 the Board approved the refund to constituent council's of £0.184m. This amount was payable on or after 1st April 2017 so will be reflected in the Board's Annual Accounts for the year ended to 31st March 2018.

15.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Board as finance for the costs of acquisition, construction and enhancement.

LOTHIAN VALUATION JOINT BOARD

15. USABLE AND UNUSABLE RESERVES (Contd.)

15.2 Capital Adjustment Account (Contd.)

	2015/16 £'000	2016/17 £'000
Balance at 1st April	(629)	(575)
Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
<ul style="list-style-type: none"> • Charges for depreciation and impairment of non-current assets • Revaluation losses on Property, Plant and Equipment • Amortisation of intangible assets • Amounts of non-current assets written off on gain/loss on disposal to CIES 	92 0 8 0	82 0 18 0
Net written out amount of the cost of non-current assets consumed in year	(529)	(475)
Capital financing for the year:		
<ul style="list-style-type: none"> • Use of capital receipts to finance new capital expenditure • Statutory provision for the financing of capital expenditure 	0 (46)	0 (63)
Balance at 31st March	(575)	(538)

15.3 Pension Reserve

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 or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Board has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2015/16 £'000	2016/17 £'000
Balance at 1st April	11,870	6,239
Actuarial gains or losses on pension assets and liabilities	0	0
Remeasurements of the net defined benefit liability / (asset)	(6,357)	5,787
Reversals of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.	1,563	1,131
Employer's pension contributions and direct payments to pensioners payable in the year.	(837)	(762)
Balance at 31st March	6,239	12,395

LOTHIAN VALUATION JOINT BOARD

15. USABLE AND UNUSABLE RESERVES (Contd.)

15.4 Accumulated Absences Account

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

	2015/16 £'000	2015/16 £'000	2016/17 £'000	2016/17 £'000
Balance at 1st April		96		93
Settlement or cancellation of accrual made at the end of the preceding year	(96)		(93)	
Amounts accrued at the end of the current year	93		94	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(3)		1
Balance at 31st March		93		94

16. CASH FLOW STATEMENT

16.1 Reconciliation between the General Fund Balance and the revenue activities net cash flow.

	2015/16 £'000	2016/17 £'000
Net (increase)/decrease in the General Fund Balance	(153)	(262)
Exclude accumulated absences	(2)	1
Exclude revenue contribution to capital	(46)	(63)
	(201)	(324)
(Decrease)/increase in revenue debtors	122	(14)
(Decrease)/increase in long term debtors	(6)	(5)
(Decrease)/increase in stocks	0	0
Decrease/(increase) in deferred credit	35	35
Decrease/(increase) in revenue creditors	(65)	34
Revenue activities net cash flow	(115)	(274)

16.2 Reconciliation of the movement in cash with the related items in the opening and closing balance sheets for the period.

	2015/16 £'000	2016/17 £'000
Due by/(to) the City of Edinburgh Council at 31st March	1,233	1,302
Due by/(to) the City of Edinburgh Council at 1st April	1,302	1,513
(Increase)/decrease in cash	(69)	(211)

LOTHIAN VALUATION JOINT BOARD

17. MEMBERS ALLOWANCES

The Board paid the following amounts to members during the year. These figures include NI and Pensions.

	2015/16	2016/17
	£000's	£000's
Salaries (incl. NI and Pensions)	9	9
Expenses	0	0
Total	9	9

18. EXTERNAL AUDIT COSTS

The Board has incurred the following costs in relation to the audit of the Statement of Accounts:

	2015/16	2016/17
	£000's	£000's
External audit services carried out for the year	7	7

19. GRANT INCOME

There was no revenue grant credited to the Comprehensive Income and Expenditure Statement in 2016/17 (2015/16 £0).

20. RELATED PARTIES

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

20.1 Scottish Government

The Scottish Government is responsible for providing the statutory framework within which the Board operates. It provides the majority of the Board's funding in the form of grants to the constituent councils, and prescribes the terms of many of the transactions that the Board has with other parties. Constituent councils provide funding to the Board at the start of each financial year.

20.2 Members

Members of the Board have direct control over the Board's financial and operating policies. The total of members' allowances paid in 2016/17 shown in Note 17 and the Remuneration Report.

20.3 Other Parties

During the year, the Board entered into the following transactions with related parties:

	2015/16	2016/17
	£000's	£000's
• The City of Edinburgh Council:		
Rates	188	195
Rent	305	305
Central support costs	61	68
Interest on revenue balances	(3)	(3)
Constituent council contribution	(3,744)	(3,744)
Council Tax hearings	(3)	0
Vehicle hires	3	3
Printing	4	3
Trade Waste/maintenance	1	11
Refund of EU Referendum costs	0	21
Due from City of Edinburgh Council	1,302	1,513
Long term debtor - lease of office	90	85
Convener remuneration	5	6

LOTHIAN VALUATION JOINT BOARD

20. RELATED PARTIES (Contd.)

20.3 Other Parties (Contd.)

	2015/16 £000's	2016/17 £000's
<ul style="list-style-type: none"> • The Scottish Government 		
Referendum costs recovered	0	0
Electoral registration costs recovered	(345)	0
<ul style="list-style-type: none"> • The Cabinet Office 		
IER grant received	(701)	(740)
<ul style="list-style-type: none"> • Midlothian Council 		
Constituent council contribution	(560)	(560)
<ul style="list-style-type: none"> • East Lothian Council 		
Constituent council contribution	(669)	(669)
<ul style="list-style-type: none"> • West Lothian Council 		
Constituent council contribution	(1,145)	(1,145)
Vice Convener remuneration	4	3
<ul style="list-style-type: none"> • Clackmannanshire Council 	15	15
<ul style="list-style-type: none"> • Fife Council 	2	1
<ul style="list-style-type: none"> • Glasgow City Council 	7	11
<ul style="list-style-type: none"> • Renfrewshire Council 	0	1

21. TERMINATION BENEFITS

There were a number of employees who left throughout 2016/17, however only one of the leavers incurred a severance payment. Details are provided in the Remuneration Report - Exit Packages (page 45).

22. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Board, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Board that has yet to be financed.

	2015/16 £000's	2016/17 £000's
Opening Capital Financing Requirement	0	0
Capital investment		
• Property, Plant and Equipment	5	58
• Intangible assets	41	5
Sources of finance		
• Capital receipts	0	0
• Direct revenue contributions	(46)	(63)
Closing Capital Financing Requirement	0	0

LOTHIAN VALUATION JOINT BOARD

23. DEFINED BENEFIT PENSION SCHEMES

23.1 Participation in Pension Schemes

As part of the terms and conditions of employment of its staff, the Board makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until the employees retire, the Board has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Board participates in the following post employment scheme:

- Local Government Pension Scheme (LGPS) - a funded defined benefit statutory scheme as administered by the City of Edinburgh Council's Lothian Pension Fund. The LGPS is administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

The Local Government Pension Scheme (LGPS) changed from a final salary scheme to a career average scheme on the 1 April 2015. All benefits built up in the LGPS for membership after 31 March 2015 are worked out under the rules of the new career average scheme. Before 1 April 2015 benefits were built up based on a final salary scheme. A funded defined benefit scheme, requires the Board and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

23.2 Transactions Relating to Post-employment Benefits

The Board recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2015/16	2015/16	2016/17	2016/17
	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement				
Cost of services, comprising:				
Current service costs	1,146		910	
Past service costs	<u>32</u>		<u>0</u>	
		1,178		910
Financing and investment income:				
Net interest expense		<u>385</u>		<u>221</u>
Total post employee benefit charged to the surplus on the provision of services		1,563		1,131
Other post-employment benefits charges to the Comprehensive Income / Expenditure Statement				
Remeasurement of the net defined liability, comprising:				
Return on plan assets, excluding the amount incl. in the net interest expense above.	(716)		(8,237)	
Actuarial gains and (losses) arising on changes in financial and demographic assumptions	(5,195)		13,969	
Other experience	<u>(446)</u>		<u>55</u>	
		<u>(6,357)</u>		<u>5,787</u>
Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement		<u>(4,794)</u>		<u>6,918</u>
Movement in Reserves Statement				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the Code.		<u>5,631</u>		<u>(6,156)</u>
Actual amount charged against the General Fund				
Balance for pensions in the year:				
Employer's contributions payable to the scheme		757		682
Contributions in respect of unfunded benefits		<u>80</u>		<u>80</u>
		837		762

LOTHIAN VALUATION JOINT BOARD

23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

23.3 Pension Assets and Liabilities Recognised in the Balance Sheet

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

	2015/16	2016/17
	£000	£000
Fair value of employer assets	43,186	52,793
Present value of funded liabilities	(47,721)	(63,253)
Present value of unfunded liabilities	(1,704)	(1,935)
Net liability arising from defined benefit obligation	<u>(6,239)</u>	<u>(12,395)</u>

23.4 Reconciliation of the Movements in the Fair Value of Scheme Assets

	2015/16	2016/17
	£000	£000
Opening fair value of scheme assets	41,358	43,186
Interest income	1,320	1,508
Remeasurement gain / (loss):		
Return on plan assets, excluding the amount included in the net interest expense	716	8,237
Contributions from employer	757	682
Contributions from employees into the scheme	243	242
Contributions in respect of unfunded benefits	80	80
Benefits paid	(1,208)	(1,062)
Unfunded benefits paid	(80)	(80)
Closing fair value of scheme assets	<u>43,186</u>	<u>52,793</u>

23.5 Reconciliation of Present Value of the Scheme Liabilities

	2015/16	2016/17
	£000	£000
Present value of funded liabilities	(51,352)	(47,721)
Present value of unfunded liabilities	(1,876)	(1,704)
Opening balance at 1 April	<u>(53,228)</u>	<u>(49,425)</u>
Current service cost	(1,146)	(910)
Interest cost	(1,705)	(1,729)
Contributions from employees into the scheme	(243)	(242)
Remeasurement gain / (loss):		
Change in financial assumptions	5,195	(13,969)
Change in demographic assumptions	0	0
Other experience	446	(55)
Past service cost	(32)	0
Benefits paid	1,208	1,062
Unfunded benefits paid	80	80
Closing balance at 31 March	<u>(49,425)</u>	<u>(65,188)</u>

LOTHIAN VALUATION JOINT BOARD

23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

23.6 Fair Value of Employer Assets

The following asset values are at bid value as required under IAS19.

	2015/16 £000	2015/16 %	2016/17 £000	2016/17 %
<u>Equity Securities</u>				
Consumer *	6,576.9	15	7,925.8	15
Manufacturing *	5,093.5	12	8,003.1	16
Energy and Utilities *	3,430.4	8	3,917.4	7
Financial Institutions *	3,657.8	8	3,686.4	7
Health and Care *	2,870.7	7	3,094.6	6
Information Technology *	2,587.4	6	2,612.8	5
Other *	2,471.9	6	3,637.9	7
Sub-total Equity Securities	26,688.6		32,878.0	
<u>Debt Securities:</u>				
Corporate Bonds (investment grade) *	0.0	0	0.0	0
UK Government *	2,779.1	6	109.7	0
Other *	1,092.5	3	5,301.1	10
Sub-total Debt Securities	3,871.6		5,410.8	
<u>Private Equity</u>				
All *	484.7	1	0.0	0
All	1,404.0	3	1,705.3	3
Sub-total Private Equity	1,888.7		1,705.3	
<u>Real Estate:</u>				
UK Property	3,694.0	9	3,562.0	7
Overseas Property	0.0	0	0.0	0
Sub-total Real Estate	3,694.0		3,562.0	
<u>Investment Funds and Unit Trusts:</u>				
Equities *	0.0	0	0.0	0
Equities	0.0	0	0.0	0
Bonds *	115.9	0	783.0	1
Bonds	234.0	1	0.0	0
Infrastructure *	240.3	1	0.0	0
Infrastructure	2,632.0	6	4,724.2	9
Commodities *	119.8	0	154.8	0
Other	1,034.7	2	1,126.2	2
Other *	0.0	0	0.0	0
Sub-total Investment Funds and Unit Trusts	4,376.7		6,788.2	
<u>Derivatives:</u>				
Foreign Exchange *	(2.5)	0	0.0	0
Sub-total Derivatives	(2.5)		0.0	
<u>Cash and Cash Equivalents</u>				
All *	2,668.9	6	2,448.7	5
Sub-total Cash and Cash Equivalents	2,668.9		2,448.7	
Total Fair Value of Employer Assets	43,186.0	100	52,793.0	100

Scheme assets marked with an asterisk (*) have quoted prices in current active markets or were in active markets 2016/17.

LOTHIAN VALUATION JOINT BOARD

23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

23.7 Basis for Estimating Assets and Liabilities

Hymans Robertson, the independent actuaries to Lothian Pension Fund, have advised that the financial assumptions used to calculate the components of the pension expense for the year ended 31 March 2017 were those from the beginning of the year (i.e. 31 March 2016) and have not been changed during the year. The main assumptions in the calculations are:

<u>Expected return on assets</u>		2015/16	2016/17
Equity investments		3.5%	2.6%
Bonds		3.5%	2.6%
Property		3.5%	2.6%
Cash		3.5%	2.6%
<u>Average future life expectancies at age 65:</u>			
Current pensioners	male	22.1 years	22.1 years
Current pensioners	female	23.7 years	23.7 years
Future pensioners	male	24.2 years	24.2 years
Future pensioners	female	26.3 years	26.3 years
<u>Financial assumptions:</u>			
		2015/16	2016/17
Pension increase rate		2.2%	2.4%
Salary increase rate		4.2%	4.4%
Discount rate		3.5%	2.6%

Estimation of defined benefit obligations is sensitive to the actuarial assumptions set out above. In order to quantify the impact of a change in the financial assumptions used, the Actuary has calculated and compared the value of the scheme liabilities as at 31 March 2016 on varying bases. The approach taken by the Actuary is consistent with that adopted to derive the IAS19 figures.

To quantify the uncertainty around life expectancy, we have calculated the difference in cost to the Employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages).

<u>Change in assumptions at 31 March 2017</u>	Approximate % increase to Employer	Approximate Monetary Amount
0.5% decrease in Real Discount Rate	12.0%	7,683
0.5% increase in the Salary Increase Rate	5.0%	3,027
0.5% increase in the Pension Increase Rate	7.0%	4,386

23.8 Analysis of projected amount to be charged to profit or loss for the period to 31 March 2018

	Assets £000	Obligations £000	Net (liability) / asset	
			£000	% of pay
Current service cost	0	(1,278)	(1,278)	-39.90%
Total Service Cost	0	(1,278)	(1,278)	-39.90%
Interest income on plan assets	1,368	0	1,368	42.70%
Interest cost on defined benefit obligation	0	(1,697)	(1,697)	-53.00%
Total Net Interest Cost	1,368	(1,697)	(329)	-10.30%
Total included in Profit or Loss	1,368	(2,975)	(1,607)	-50.20%

The Board's estimated contribution to Lothian Pension Fund for 2017/18 is £0.673m.

23.9 Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Board has agreed a contribution stability mechanism with the schemes actuary until 31st March 2018.

LOTHIAN VALUATION JOINT BOARD

24. LEASES

Operating Leases

The Board currently occupies land and buildings listed below by entering into the following operating lease:

17a South Gyle Crescent - offices		
	2015/16	2016/17
	£000's	£000's
The future minimum lease payments due in future years are:		
• Not later than 1 year	305	305
• Later than 1 year not later than 5 years	1,526	1,526
• Later than 5 years	3,052	2,747
	<u>4,883</u>	<u>4,578</u>

Car Leases

The Board operates an employee car leasing scheme. There were thirteen leases in operation at 31st March 2017 and employees contributed £0.033m during 2016/17 towards the cost of car leasing. The Board is committed to paying the following sums in future years:

	2015/16	2016/17
	£000's	£000's
The future minimum lease payments due in future years are:		
• Not later than 1 year	26	22
• Later than 1 year not later than 5 years	14	12
	<u>41</u>	<u>34</u>

The Board has no finance lease obligations.

25. LONG TERM DEBTORS

The long term debtor is in respect of a cash incentive received by the Board on its relocation of offices to its new premises at 17a South Gyle Crescent (Note 24 Leases refers). The cash incentive is amortised on a straight line basis over the term of the lease. A 25 year lease was entered into in December 2006, the remaining life amounts to 15 years, consequently £5,642 will be written to the Comprehensive Income and Expenditure Statement each year.

	2015/16	2016/17
	£000's	£000's
• Cash incentive:		
Balance at 1st April	96	90
Amortised to Comprehensive Income and Expenditure Statement	(6)	(5)
Balance at 31st March	<u>90</u>	<u>85</u>
• Car purchase advances (Balances due more than 12 months)	0	0
Total	<u>90</u>	<u>85</u>

26. OTHER LONG TERM LIABILITIES

The Board relocated to its new offices in December 2006. As part of the agreement, the landlord agreed to pay a cash incentive of £0.400m on date of entry and £0.475m in 2011. This will be amortised on a straight line basis totalling £0.035m per annum over 25 years, the term of the lease.

	2015/16	2016/17
	£000's	£000's
Balance at 1st April	(595)	(560)
Amortised to Comprehensive Income and Expenditure Statement	35	35
Balance at 31st March	<u>(560)</u>	<u>(525)</u>

LOTHIAN VALUATION JOINT BOARD

27. CONSTITUENT COUNCIL REQUISITIONS

The net expenditure of the Board is a charge upon the City of Edinburgh Council, West, East and Midlothian Councils. The division of net expenditure borne by the constituent councils is made in accordance with the Valuations Joint Boards (Scotland) Order 1995.

	Amount due for 2016/17 £000's	Amount received 2016/17 £000's	Amount due (to)/from Constituent Councils 2016/17 £000's
City of Edinburgh Council	3,583	3,744	(161)
Midlothian Council	536	560	(24)
East Lothian Council	641	669	(28)
West Lothian Council	1,096	1,145	(49)
	<u>5,856</u>	<u>6,118</u>	<u>(262)</u>

28. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

All Treasury Management is carried out on the Board's behalf by the City of Edinburgh Council. The Council complies with the CIPFA Prudential Code, and has adopted the CIPFA Treasury Management in the Public Services Code of Practice. The City of Edinburgh Council, on behalf of the Board, has overall risk management procedures that focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks.

The Board's activities expose it to a variety of financial risks which have been assessed in order to determine whether or not such risks have, in order to comply with financial instrument accounting requirements, an impact on these Annual Accounts. For all of the financial risks, the impact on Annual Accounts was found to be immaterial. Each risk is detailed below along with an explanation as to why there is no financial effect arising:

- Re-financing risk - the possibility that the Board might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms is considered immaterial because although the Board has powers to obtain loan finance, no such loans were held during the year;
- Market risk - the possibility that financial loss might arise for the Board as a result of changes in such measures as interest rate movements is considered immaterial because the finances of the Board are such that during the year there was no interest payable and interest receivable was immaterial;
- Credit risk - the possibility that other parties might fail to pay amounts due to the Board is considered immaterial on the basis of past experience and the fact that most debt payable to the Board is due from other public bodies;
- Liquidity risk - the possibility that the Board might not have funds available to meet its commitments to make payments is considered immaterial given the statutory responsibility that the Board has to have a balanced budget and that constituent authorities have to fund the activities of the Board.
- Price risk - the possibility that fluctuations in equity prices has a significant impact on the value of financial instruments held by the Board is considered immaterial because the Board does not generally invest in equity shares.
- Foreign exchange risk - the possibility that fluctuations in exchange rates could result in loss to the Board is considered immaterial because there are no financial assets or liabilities held at the year end denominated in foreign currencies.

The Board holds its surplus funds with the City of Edinburgh Council and does not place external deposits in its own name. The balance held by and due from the City of Edinburgh Council at 31st March 2017 amounted to £1.513m (2015/16 £1.302m). No breaches of the Board's counterparty criteria occurred during the reporting period and the Board does not expect any losses from non-performance by any of its counterparties in relation to deposits. During the reporting period, the Board held no collateral as security.

LOTHIAN VALUATION JOINT BOARD

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Lothian Valuation Joint Board aims to ensure best value and provide equitable, customer focussed, high quality, professional valuation and electoral services for all its stakeholders.

The Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for, and used economically, efficiently, effectively and ethically. The Board also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these overall responsibilities, Elected Members and Senior Officers are responsible for implementing proper arrangements for the governance of the Board's affairs and facilitating the effective exercise of its functions, including arrangements for management of risk.

The Board has approved and adopted a Local Code of Corporate Governance that is consistent with the principles, and reflects the requirements, of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government* and is supported by detailed evidence of compliance, which is regularly reviewed. A copy of the code is on our website www.lothian-vjb.gov.uk or can be obtained from the Assessor.

This statement explains how the Lothian Valuation Joint Board delivers good governance and reviews the effectiveness of those arrangements. It also includes a statement on internal financial control in accordance with proper practice. The Board's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

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, and its activities through which it accounts to, engages with and influences the community. It enables the Board to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The framework reflects the arrangements in place to meet the six supporting principles of effective corporate governance.

- Focusing on the purpose of the Board and on outcomes for the community, and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Board and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective;
- Engaging with local people and other stakeholders to ensure robust public accountability.

A significant part of the governance framework is the system of internal control which is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board's policies, aims and objectives. These are outlined in the Board's annual Corporate & Service Plans. This enables the Board to manage its key risks efficiently, effectively, economically and ethically.

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 or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

While the system of internal control is designed to manage risk at a reasonable level it cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

LOTHIAN VALUATION JOINT BOARD

ANNUAL GOVERNANCE STATEMENT (Contd.)

Determining the Board's purpose, its vision for the local area and intended outcomes for the Community

The Board has communicated its vision in the Corporate and Service Plan. Delivery of the vision is the responsibility of the Board, the Assessor, Depute Assessor and Heads of Service. The Board has developed a partnership approach when working with other authorities.

Review of Effectiveness

The Board has put in place arrangements, detailed in the Local Code, for monitoring each element of the framework and providing evidence of compliance. A Principal Officer within Lothian Valuation Joint Board has been nominated to review the effectiveness of the Local Code and will report annually to the LVJB Board.

The review of the effectiveness of its governance framework including the system of internal financial control is informed by:

- the work of the Internal Auditors and the Head of Internal Audit's Annual Statement on the adequacy and effectiveness of the Board's system of internal financial control;
- the Assessor's Certificate of Assurance on internal control;
- the operation and monitoring of controls by Board Managers; and
- the External Auditors in their Annual Audit Letter and other reports.

Through the year Elected Members and Officers have responsibility for the development and maintenance of the governance environment. These review mechanisms include:

- **The Lothian Valuation Joint Board** provides strategic leadership, determines policy aims and objectives and takes executive decisions not delegated to officers. It provides political accountability for the Board's performance.
- **Internal Audit** provides an independent and objective assurance service to the Board by completing a programme of reviews throughout the year, to provide an opinion on internal control, risk management and governance arrangements of Lothian Valuation Joint Board.
- **Audit Scotland's Annual Audit Report** is considered by the Board along with the output from other external audits.
- **The Strategic, Operational and Project Risk Registers** are reviewed as part of the Board's Corporate and Service Plan (the Corporate and Service Plan is approved by the Board). Key risks are monitored quarterly by the Board. This ensures that actions are taken to effectively manage the Board's highest risks.
- **The Monitoring Officer** is responsible to the Board for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Certification

In compliance with accounting practice, the Treasurer has provided the Chief Executive with a statement on the adequacy and effectiveness of the Board's internal financial control system for the year ended 31st March 2017. It is the Treasurer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's internal control system.

During the year, the Head of Internal Audit reviewed changes to the current corporate governance arrangements and systems of internal control and his findings are included in the Head of Internal Audit's Annual Report.

From this year's review there is evidence that the Code is operating effectively with overall compliance by the Board in all significant areas of its corporate governance arrangements.

LOTHIAN VALUATION JOINT BOARD

REMUNERATION REPORT

The Remuneration Report provides details of the Board's remuneration policy for its senior employees and states how remuneration arrangements are managed. Senior employees within the Board are defined as those having the responsibility for the management of the Board to the extent that they can direct or control the major activities of the Board. This includes activities involving the expenditure of money, during the year to which the report relates, whether solely or collectively with other persons.

As well as providing details of the Board's remuneration policy, the Remuneration Report will also show:

- Details of the number of employees whose remuneration was £50,000 or more, which will be disclosed in pay bands of £5,000;
- Details of remuneration paid to senior employees of the Board for 2016/17;
- Details of the Board's senior employees who participate in the Local Government Pension Scheme, administered by the Lothian Pension Fund, and the benefits provided under the scheme.

1. Audit of Remuneration Report

Auditors are required by ISA 720A to read the remuneration report to identify any;

- material inconsistencies with the financial statements;
- information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by auditors in the course of performing the audit, or that is otherwise misleading.

2. Remuneration policy

The Lothian Valuation Joint Board is responsible for approving the remuneration level of the Assessor and Electoral Registration Officer, and the Depute Assessor, these being the only Chief Official posts within the Board. The Scottish Joint Negotiating Committee (SJNC) for Local authority Services sets the salaries for the Chief Officials of Scottish local authorities and is responsible for agreeing annual inflationary increases. The post of Assessor and Electoral Registration Officer was reviewed at the creation of the Joint Board in 1996. Advice on such matters is received from the Human Resources division of the City of Edinburgh Council and from the Director of Resources, City of Edinburgh Council.

The salaries of all other employees is set by reference to the Scottish Joint Council for Local Government Employees for all other categories of staff. The Board's Scheme of Delegation provides the Assessor and Electoral Registration Officer with delegated authority to appoint employees within agreed staffing and expenditure levels. The City of Edinburgh Council provides remuneration advice and assistance to the Board on request.

The Convener and Vice-Convener of the Board are remunerated by the Council of which they are a council member. The remuneration of councillors is regulated by the Local Authority Accounts (Scotland) Regulations 2014 (SSI No. 2014/200).

The Board has an arrangement with each council that remunerates the Convener and Vice-Convener to reimburse the Council for the additional costs of that councillor arising from them being a Convener or Vice-Convener of the Board. The disclosures made in this report are limited to the amounts paid to the council by the Board for remuneration and does not reflect the full value of the remuneration that may be paid to the councillor.

All other members of the Board are remunerated by the Council of which they are a council member.

The position of Chief Executive is provided and remunerated by the City of Edinburgh Council.

3. Pension Entitlement of Senior Employees

The Board's senior employees participate in the Local Government Pension Scheme administered by the Lothian Pension Fund. This is a final salary pension scheme which means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. The scheme's normal retirement age for employees is 65.

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

The tiers and members contributions rates for 2016/17 are as follows:

On earnings up to and including £20,500 (5.5%), on earnings above £20,500 and up to £25,000 (7.25%), on earnings above £25,000 and up to £34,400 (8.5%), on earnings above £34,400 and up to £45,800 (9.5%) and on earnings above £45,800 (12%).

LOTHIAN VALUATION JOINT BOARD

REMUNERATION REPORT (Contd.)

3. Pension Entitlement of Senior Employees (Contd.)

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

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for a lump sum payment up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. Prior to 2009, the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80ths of final pensionable salary and years of pensionable service.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

4. Remuneration by Pay Band

Details of the Board's employees receiving more than £50,000 remuneration for the year, excluding employer's NI and pension contributions are:

Remuneration Band	Number of Employees	
	2015/16	2016/17
£50,000 - £54,999	1	4
£55,000 - £59,999	4	-
£60,000 - £64,999	-	3
£65,000 - £69,999	1	-
£70,000 - £74,999	-	-
£75,000 - £79,999	-	1
£80,000 - £84,999	-	-
£85,000 - £89,999	-	1
£90,000 - £94,999	-	-
£95,000 - £99,999	1	-
£100,000 - £104,999	-	1
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	1	-
Totals	8	10

5. Remuneration paid to Senior Employees

The table below details remuneration paid to senior employees within the Board. Senior Employees are defined as having the responsibility for management of the Board to the extent that they can direct or control the major activities of the Board. This includes activities involving the expenditure of money, during the year to which the report relates, whether solely or collectively with other persons.

Name and Post Title	Salary, Fees and Allowances 31 March 2016	Salary, Fees and Allowances 31 March 2017
	£	£
J.Hewton - Assessor and Electoral Reg Officer *	118,390	89,672
G. Strachan - Assessor and Electoral Reg Officer (Interim) **	95,266	102,046
N. Chapman - Depute Assessor (Interim) ***	0	76,993
Total	213,656	268,711

* retired 01.01.17.
 ** appointed interim Assessor and Electoral Registration Officer 01.01.17.
 *** appointed interim Depute Assessor 01.01.17 (not a Senior Employee 2015/16).

LOTHIAN VALUATION JOINT BOARD

REMUNERATION REPORT (Contd.)

6. Pension Entitlement of Senior Employees

<u>In-year pension contributions</u>		For year to 31 March 2016	For year to 31 March 2017
Name and Post Title		£	£
J.Hewton - Assessor and Electoral Reg Officer (Retired)		24,625	18,653
G. Strachan - Assessor and Electoral Reg Officer (Interim)		19,769	21,193
N. Chapman - Depute Assessor (Interim) *		0	15,931
Accrued Pension Benefits		As at 31 March 2017	Difference from 31 March 2016
Name and Post Title		£'000	£'000
J.Hewton - Assessor and Electoral Reg Officer (Retired)	Pension	60	2
	Lump sum	132	1
G. Strachan - Assessor and Electoral Reg Officer (Interim)	Pension	50	5
	Lump sum	108	7
N. Chapman - Depute Assessor (Interim) *	Pension	31	n/a
	Lump sum	61	n/a
* not a Senior Employee 2015/16.			

All senior employees shown in the tables above are members of the Local Government Pension Scheme.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, not solely their current appointment.

7. Remuneration of Convener and Vice Conveners

The following table provides details of the remuneration paid to the Board's Convener and Vice-Convener by the Board, excluding NI and Pensions.

Name and Post Title	Salary, fees and allowances £	Taxable Expenses £	Total Remun. 2016/17 £	Total Remun. 2015/16 £
N.Work - Convener	4,225	0	4,225	4,183
B.Robertson - Vice-Convener *	2,237	0	2,237	3,106
M. Russell - Vice Convener **	469	0	469	0
	<u>6,931</u>	<u>0</u>	<u>6,931</u>	<u>7,289</u>
* resigned 13.12.16				
** appointed 06.02.17				

LOTHIAN VALUATION JOINT BOARD

REMUNERATION REPORT (Contd.)

8. Pension Entitlement of Convener and Vice Convener

<u>In-year pension contributions</u>		For year to 31 March 2016	For year to 31 March 2017	
<u>Name and Post Title</u>		£	£	
N.Work - Convener		4,475	4,498	*
B.Robertson - Vice-Convener (resigned)		4,046	3,947	*
M. Russell - Vice Convener (not in Pension Fund)		0	0	*
<u>Accrued Pension Benefits</u>		As at 31 March 2017	Difference from 31 March 2016	
<u>Name and Post Title</u>				
N.Work - Convener	Pension	4	1	
	Lump sum	2	0	
B.Robertson - Vice-Convener (resigned)	Pension	2	0	
	Lump sum	0	0	
M. Russell - Vice Convener	Pension	0	0	
	Lump sum	0	0	

* includes full pension entitlement as a Councillor, not just that in respect of Convener/Vice Convener of the Lothian Valuation Joint Board.

9. Exit Packages

The following information details the number, and total cost, of exit packages agreed, grouped in rising bands of £20,000 up to £100,000.

Exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs.

Exit Packages Band	Number of Employees		Total Cost	
	2015/16	2016/17	2015/16	2016/17
			£	£
£0 - £20,000	1	1	15,638	10,800
£20,001 - £40,000	3	0	86,552	0
£40,001 - £60,000	0	0	0	0
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
Totals	4	1	102,190	10,800

Costs are in respect of voluntary retirements which were approved on the basis of Regulation 30 (Rule of 85) of the Pension Fund Regulations.