

CENTRAL SCOTLAND
VALUATION JOINT BOARD



DRAFT
FINANCIAL REPORT
&
ACCOUNTS

2008 / 2009

CENTRAL SCOTLAND VALUATION JOINT BOARD

STATEMENT OF ACCOUNTS 2008/2009

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CENTRAL SCOTLAND VALUATION JOINT BOARD

MEMBERS AND OFFICIALS

CONVENOR

Councillor A Simpson, Stirling Council

VICE CONVENOR

Councillor H McLaren, Clackmannanshire Council

FALKIRK COUNCIL

Appointed Members:-

Councillor S Carleschi
Councillor G Hughes
Councillor C MacDonald
Councillor J Patrick
Councillor J Blackwood
Councillor A Nimmo
Councillor A McNeill
Councillor S Jackson

STIRLING COUNCIL

Appointed Members:-

Councillor S Paterson
Councillor D Goss
Councillor C Campbell

CLACKMANNANSHIRE COUNCIL

Appointed Members:-

Councillor J Biggam
Councillor D Balsillie

OFFICIALS

Assessor	-	Brian Byrne
Clerk	-	Rose Mary Glackin
Treasurer	-	Muir Wilson

CENTRAL SCOTLAND VALUATION JOINT BOARD

INTRODUCTION

by Brian Byrne, Assessor

Central Scotland Valuation Area covers three council areas of Clackmannanshire, Falkirk and Stirling. The Valuation Joint Board appoints an Assessor for the Valuation Area and bears the costs of carrying out the statutory duties. The three Councils have also appointed the Assessor as Electoral Registration Officer.

The Assessor has three core statutory duties. These are:-

1. Valuation of Lands and Heritages

The Valuation Roll contains every non-domestic property (unless exempted by statute) in the Valuation Area showing the rateable value of the property. Rateable value is effectively the estimated rental value of the property. Since the last Revaluation in April 2008, rateable value has been effectively the estimated rental value of the property at April 2003. There are around 11,000 non-domestic properties in Central Scotland with a total rateable value of over £260 million. The Roll includes commercial properties like shops and offices, industrial properties from small workshops to giants like Ineos, Grangemouth (formerly BP) and publicly owned properties such as schools and sport centres. The Assessor maintains survey records of each property and is obliged by law to carry out a Revaluation of non-domestic properties every five years, and to maintain the Roll to reflect new and altered properties.

The programming of valuation appeals remaining from the 2005 Revaluation was agreed with the Secretary of the Valuation Appeal Committee. Appeal disposal has to be completed through the local appeal stages by 31st December, 2008. Appeal disposals have progressed satisfactorily and are on schedule for completion within the statutory timescale. Of the original 2,700 appeals 42 are left to be dealt with by the Lands Tribunal. The Lands Tribunal sets its own timetable for the disposal of these appeals.

The 2008/09 year is an important year in the quinquennial non-domestic rating cycle. The valuation date for the 2010 revaluation is 1st April 2008. This means that it is essential to collect and analyse valuation evidence from this year, and to begin the process of revaluing all non-domestic properties in time for April 2010. The process of analysis has required co-operation with all other Assessors and with the Valuation Office in England and Wales to ensure harmonisation of methods.

2. Compiling the Valuation List

All domestic properties are shown in the Valuation List. The Assessor places every domestic property in a valuation band based on the capital value that

the property would have had at April 1991 and in line with statutory assumptions. While the pace of new building is levelling out there are now over 138,000 entries in the Council Tax List in Central Scotland. The Council Tax band for an altered existing property is reconsidered when it is sold. While normal appeal/proposal activity in Council Tax for new and altered houses is very light, recent media interest in the Council Tax proposal procedures throughout the UK has resulted in an increased level of enquiry into existing bandings. An increase in Council Tax enquiries follows each television programme on this issue which creates an unplanned workload for technical staff. Staff have handled this well with as little as possible impact on the timing of other survey work in domestic alterations.

3. Compiling the Register of Electors

The Register of Electors is published annually and is a listing of every declared eligible elector in each local authority area set against the local address which satisfies the residence qualification. The Register is used for all Local Government, United Kingdom, Scottish and European Parliamentary Elections. It is also used for Community Councils' elections and for referendums. In combination with data from other Electoral Registration Officers it is used to compile a register as required for National Park Elections. The Electoral Registration Officer also requires to publish an Edited Register and to maintain Absent Voter Lists.

Although the European Elections are in June 2009, much of the planning work and compiling of postal vote identifiers had to be carried out in 2008/09.

Introduced in late 2006, the new duties placed on Electoral Registration Officers to encourage electoral registration and participation are becoming embedded in our practices. Various procedures and initiatives were carried out in co-operation with other Electoral Registration Offices and with the Electoral Commission. Electronic methods of communication with electors and potential electors have been extended. We have also increased our doorstep contacts with potential electors to encourage registration.

The number of properties canvassed by post and by house to house method now stands at over 133,000. The number of electors who had chosen to vote by post (as at 31st March 2009) was over 18,400.

CENTRAL SCOTLAND VALUATION JOINT BOARD

EXPLANATORY FOREWORD

The Valuation Joint Board was formed on 1 April 1996 following local government reorganisation in Scotland. The Joint Board covers the boundaries of Falkirk, Stirling and Clackmannanshire Councils, and the service is jointly funded by these Councils on a pre-determined formula basis.

The Statement of Accounts consists of the Annual Report by the Treasurer and the statutory audited accounts for the financial year 2008/2009. The Annual Report gives interested parties an overall guide to the most significant matters reported in the accounts and contains a commentary on the major influences affecting the Joint Board's income and expenditure, and cash flow.

The accounts for the year consist of:-

Accounting Policies

The purpose of this statement is to explain the basis of the figures in the accounts and to outline the accounting policies adopted in compiling the 2008/2009 accounts.

Income and Expenditure Account

This statement reports on the net cost for the year of the functions undertaken by the Joint Board, and demonstrates how the cost has been financed.

Statement of the Movement on the General Fund Balance

The Income and Expenditure Account shows the Board's actual performance for the year, measured in terms of resources consumed and generated over the last twelve months. However, the Board is required to raise requisitions on a different accounting basis, the main differences being:

Capital Investment is accounted for as it is financed, rather than when fixed assets are consumed.

Retirement benefits are charged as amounts become payable to the pension fund and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the Board's spending against the requisitions that it receives for the year, taking into account the use of reserves built up in the past and contributions to funds and reserves.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the Board for the year and shows the aggregate increase in net worth. In addition to the surplus generated on the Income and Expenditure Account it includes the re-measurement of the net liability to cover the cost of retirement benefits.

The Balance Sheet

This statement sets out the financial position of the Joint Board as at the 31st March 2009, and includes all assets and liabilities in respect of all the activities undertaken.

The Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for operational purposes.

System of Internal Financial Control

This statement provides assurance in relation to corporate governance including the systems of internal financial control.

CENTRAL SCOTLAND VALUATION JOINT BOARD

GLOSSARY OF TERMS

In the Financial Statements various terms are used because of legal and accounting requirements which may not be familiar to the reader. The following are the most commonly used technical terms:-

Budgetary Performance	-	Performance of the service is monitored against the annual budget which sets out in monetary terms the aims and policies of the Valuation Joint Board.
Revenue Costs	-	The day to day running costs of providing services.
Staff Costs	-	The cost of salaries and wages, including overtime, employer's national insurance and superannuation, as well as staff training.
Property Costs	-	Rent and rates, property insurance, repairs and maintenance, heat and light, and furniture and fittings.
Transport Costs	-	The running costs of all vehicles, including hiring and leasing, staff car allowances and travelling expenses.
Supplies and Services	-	Printing and stationery, office equipment, advertising, postages and telephone costs, and expenditure on materials.
Third Party Payments	-	Payments to other Councils, individuals and organisations, in respect of goods and services received.
Accruals	-	The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Consistency	-	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
Fixed Assets	-	Tangible assets that yield benefits to the services provided for a period of more than one year. All assets are currently depreciated over three years.
Operating Lease	-	Rental costs for the use of an asset. The asset does not belong to the Board.
Finance Lease	-	Agreement to pay for an asset over a specified period of time. At the end of the agreement the asset belongs to the Board. An interest charge may be incurred.
Reserves	-	The Valuation Joint Board has three reserve accounts. The General Reserve, the Capital Adjustment Account and the Pensions Reserve. The General Reserve shows the accrued net surplus attributable to the Valuation Joint Board. The Capital Adjustment Account contains amounts set aside from revenue applied to capital expenditure.
Pension Cost on the	-	The Pensions Reserve shows the net pensions liability of the Board. This has been created in order to negate the impact of FRS 17 costs funding due from the constituent authorities. The Board has fully adopted the accounting principles as required by Financial Reporting Standard 17 (FRS17)'Retirement Benefits'. This requires the cost of retirement benefits to be recognised in the Financial statements when employees earn them, rather than when the benefits are actually paid as pensions.

Disclosure Requirements included the Net Pension Asset / Liability and the Pension Reserve in the Balance Sheet, together with entries in the Income and Expenditure Account and Statement of Movement in the General Fund Balances to reflect movement in the net pension asset / liability from one year to the next. Entries are also required to reconcile back to actual pension

contributions payable for Requisition purposes.

CENTRAL SCOTLAND VALUATION JOINT BOARD

ANNUAL REPORT

by Muir S Wilson, Treasurer

Introduction

The purpose of the Statement of Accounts is to present a summary of the financial activities of the Valuation Joint Board for the benefit of members and officers of the three constituent authorities and the general public, to report on the stewardship of funds for the financial year 2008/2009, and explain in overall terms the Joint Board's financial position.

This financial year a saving of £9K has been realised. This has been added to previous surpluses. The surplus of £167K remaining at the end of 2008/09 has again been retained.

The Computer budget was overspent by £21K. This was mainly due to the purchase of two new servers and additional costs in upgrading the disaster recovery communication line. This additional spend was offset by savings in Employee and Administration costs.

It was approved by the Board that the contribution from Constituent authorities for the financial year 2009/10 would be £2,708K. Once again this includes £60K for additional duties that will be carried out as a result of the Electoral Administration Act and £13K maintenance costs for the new Combined Electoral Management and Electoral Registration System.

Revenue Outturn

The main components of the budget for 2008/2009 and how these compare with actual income and expenditure are outlined below:-

	Revised Budget £'000	Actual Outturn £'000	Variance £'000
Gross Expenditure			
- Staff Costs	1,987	1,923	(64)
- Property Costs	255	259	4
- Transport Costs	36	39	3
- Supplies and Services	295	308	13
- Third Party Payments	16	117	101
- Support Services	53	48	(5)
- Depreciation	0	68	68
	2,642	2,762	120
Income	(10)	(109)	(99)
Net Expenditure	<u>2,632</u>	<u>2,653</u>	<u>21</u>
Interest on Revenue Balances	<u>(0)</u>	<u>(5)</u>	<u>(5)</u>
Pension Interest Cost	<u>0</u>	<u>57</u>	<u>57</u>
Net Operating Expenditure	<u>2,632</u>	<u>2,705</u>	<u>73</u>
Net Operating Expenditure met by constituent Authorities	<u>(2,632)</u>	<u>(2,632)</u>	<u>0</u>
Removal of Depreciation Charge	<u>0</u>	<u>(68)</u>	<u>(68)</u>
Net charges made for retirement benefits (FRS 17)	<u>0</u>	<u>(21)</u>	<u>(21)</u>
Capital Financed From Current Revenue	<u>0</u>	<u>7</u>	<u>7</u>
Net operating Expenditure funded from Reserves		<u>(9)</u>	<u>(9)</u>
Reserves from previous year			(158)
Cumulative Reserves carried forward			(167)

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The total underspend against budget was £9K. The balance of £167K has been retained as a surplus attributable to the constituent authorities in the general fund reserve.

Within the overall budgetary performance there were a number of variances, both positive and negative, and these major variances are highlighted below.

Expenditure on staffing has outturned with an underspend of £64K. However the spend against staffing includes the effects of FRS 17. A reduction in payroll costs of £36K relates to the accounting requirements introduced by FRS 17, Pension Charges. Therefore prior to this the staffing budget would have been underspent by £28K. This is mainly due to staff vacancies.

Supplies and Services, Property and Transport costs were overspent by £20K. This relates mainly to additional IT costs. Third party payments includes £100k relating to the National Assessors Project funded from the Modernising Government Fund.

CENTRAL SCOTLAND VALUATION JOINT BOARD

STATEMENT OF RESPONSIBILITIES

The Valuation Joint Board's responsibilities

The Joint Board is required:-

- (1) to make arrangements for the proper administration of its financial affairs, and to ensure that one of its officers has responsibility for the administration of those affairs. In respect of the Valuation Joint Board that officer is the Treasurer.
- (2) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Treasurer's responsibilities

The Treasurer is responsible for the preparation of the Valuation Joint Board's statement of accounts which, in terms of the CIPFA / LASAAC Code of Practice on Local Authority Accounting in Great Britain, is required to present fairly the financial position of the Valuation Joint Board at the accounting date and its income and expenditure for the year then ended.

In preparing this statement of accounts, the Treasurer has:

- (1) selected suitable accounting policies and then applied them consistently;
- (2) made judgements and estimates that were reasonable and prudent;
- (3) complied with the Code of Practice.

The Treasurer has also:

- (1) kept proper accounting records which were up to date;
- (2) taken reasonable steps for the prevention and detection of fraud and other irregularities.

Statement by the Treasurer

I confirm that the Statement of Accounts presents fairly the financial position of the board as at 31st March 2009 and its income and expenditure for the year ended 31st March 2009.

Muir S Wilson
Treasurer
12th June 2009

CENTRAL SCOTLAND VALUATION JOINT BOARD

ACCOUNTING POLICIES

The following policies have been adopted in compiling the Financial Statements for 2008/2009:-

1. GENERAL

The financial statements are prepared under the historical cost convention, modified by the revaluation of certain fixed assets. The financial statements for the year ended 31st March 2009 have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2008* (the SORP).

At 31st March 2009, the Board's balance sheet reflects negative reserves of £2,519K. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the Board's other sources of income, may only be met by future requisitions from the constituent authorities. This is because, under the terms of the Valuation Joint Boards (Scotland) Order 1995 requisitions from the constituent authorities are based on expenses incurred in the forthcoming financial year and not with reference to liabilities falling due in future years.

Requisitions for 2009-10, taking into account the amounts required to meet the Board's expenses falling due in that year, have already been determined and agreed. It has accordingly been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

2. REVENUE TRANSACTIONS

The revenue accounts are maintained on an accruals basis. That is, account has been taken of all known relevant income and expenditure due in respect of the financial year to 31 March 2009. Wherever possible actual figures have been used in preparing the accounts. Where actual figures were not obtainable the best available estimates have been used.

Debtor and Creditor balances represent sums due but unpaid at the 31 March 2009.

3. FIXED ASSETS

Equipment is valued in the accounts based upon the net value after allowing for depreciation and amortisation. There is no charge in the year of acquisition but a full charge is made in the year of disposal.

Tangible Assets – Computer Equipment is deemed to have a useful life of three years.

Intangible Assets – Software is deemed to have a useful life of three years.

4. LEASING

Computer systems and equipment, were previously the subject of operational leases, the details of which are included in Note 6 to the Financial Statements. The operating lease came to an end during the 2007/08 financial year and replacement servers were the subject of an interest free finance lease.

5. INTEREST

Finance services are provided by Clackmannanshire Council who act as bankers to the Joint Board. An interest charge is levied by the Council in respect of the net financing cost of the Valuation Joint Board in accordance with the Local Authority (Scotland) Accounts Advisory Committee Guidance Note 2.

6. SUPPORT SERVICES

The main support services to the Valuation Joint Board provided by the constituent authorities are as follows:-

Council	Service	Charges 2008/09
Clackmannanshire	Professional Services	
	Accountancy/Finance	£22k
	Human Resources	£19k
Falkirk	Clerking Services	£7k

7. RESERVES

It was agreed during the 2005/06 financial year to refund £200K of the surpluses generated since then to the constituent authorities with the remaining balance retained.

The Capital Adjustment Account contains the amounts set aside from revenue applied to finance capital expenditure.

Under the pension arrangements introduced by FRS 17, a pensions reserve has been established which mitigates the effect on the Income and Expenditure Account of the differences between the accounting costs, as calculated under FRS 17, and the funding costs and contributions made to the scheme throughout the year.

8. FINANCIAL INSTRUMENTS

Financial liabilities and asset instruments are classified according to the substance of the contractual arrangements entered into. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account.

9. ACCOUNTING FOR PENSION COSTS

The Valuation Joint Board is a recognized 'employing authority' within the meaning of the Local Government Superannuation (Scotland) Regulations, and transfers sums collected from employee members and employer's contributions to Falkirk Council which is the administering authority. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected accrued benefit method. The scheme is a defined benefit scheme providing pension benefits and life assurance for all permanent staff and has been accounted for in accordance with the requirements of Financial Reporting Standard 17 ("FRS 17"), Retirement Benefits.

The defined benefits pension scheme's assets are included at market value and this is compared to the present value of the scheme liabilities using a projected unit method and discounted at a rate prescribed by CIPFA/ LASAAC. The increase in the present value of the schemes liabilities arising from the passage of time are

included within the net operating expenditure. An appropriation is made to/from the pension reserve so the amount to be met from Council contributions excludes amounts relating to FRS17 pension costs and returns.

CENTRAL SCOTLAND VALUATION JOINT BOARD

INCOME AND EXPENDITURE ACCOUNT

		2007/08	2008/09
	Notes	£'000	£'000
Gross Expenditure			
Continuing Operations	2	2,763	2,762
Income			
Continuing Operations	3	(87)	(109)
Net Operating Expenditure		2,676	2,653
Interest on Revenue Balances		(6)	(5)
Pension Interest Cost and Expected return on pension assets	4	(41)	57
Net Operating Expenditure		2,629	2,705
Funded by Constituent Authorities	5	(2,571)	(2,632)
Deficit for the Year		<u>58</u>	<u>73</u>

CENTRAL SCOTLAND VALUATION JOINT BOARD

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

	2007/08 £'000	2008/09 £'000
Deficit for the year on the Income and Expenditure Account	58	73
Net Additional Amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(53)	(82)
Decrease in the General Fund Balance for the year	5	(9)
General Fund Balance brought forward	(163)	(158)
General Fund Balance carried forward	(158)	(167)

NOTE OF RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENTS ON THE GENERAL FUND BALANCE

	2007/08 £'000	2008/09 £'000
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year		
Depreciation	(67)	(68)
Net Charges made for retirement benefits in accordance with FRS 17	(248)	(277)
Amounts not included in the Income and Expenditure but required to be included by statute when determining the Movement on the General Fund Balance for the year		
Capital Expenditure Charged in the year to the General Fund Balances	30	7
Employer's Contribution payable to the Falkirk Council Pension Fund and retirement benefits payable direct to pensioners.		
Net Additional amount to be credited to the General Fund Balances for the year	(53)	(82)

CENTRAL SCOTLAND VALUATION JOINT BOARD

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2007/08 £'000	2008/09 £'000
Deficit for the year	58	73
Actuarial (Gains)/Losses on the pension fund	(1,190)	1,624
	<u>(1,132)</u>	<u>1,697</u>

CENTRAL SCOTLAND VALUATION JOINT BOARD

BALANCE SHEET

		2007/08	2008/09
	Note	£'000	£'000
Assets			
- Intangible	10	60	32
- Tangible	10	<u>71</u>	<u>38</u>
TOTAL LONG TERM ASSETS		<u>131</u>	<u>70</u>
Current Assets			
- Debtors	11	84	87
- Cash		<u>346</u>	<u>324</u>
		430	411
Current Liabilities			
- Creditors	12	<u>(272)</u>	<u>(244)</u>
NET CURRENT ASSETS		<u>158</u>	<u>167</u>
Long Term Liabilities			
- Liability related to defined benefit pension scheme	14	(1,111)	(2,756)
NET (LIABILITIES)		<u>(822)</u>	<u>(2,519)</u>
<u>RESERVES:-</u>			
- Capital Adjustment Account	13	131	70
- Pensions Reserve	14	(1,111)	(2,756)
- General Fund Balance	15	158	167
		<u>(822)</u>	<u>(2,519)</u>

Muir S Wilson
Treasurer
12th June 2009

CENTRAL SCOTLAND VALUATION JOINT BOARD

CASH FLOW STATEMENT

		2007/08	2008/09
	Notes	£'000	£'000
Revenue Activities			
<i>Cash Outflows</i>			
Cash paid to and on behalf of employees		1,887	1,959
Other operating cash payments		<u>740</u>	<u>802</u>
		<u>2,627</u>	<u>2,761</u>
<i>Cash Inflows</i>			
Contributions from constituent authorities		(2,571)	(2,632)
Cash received for goods and services		<u>(87)</u>	<u>(109)</u>
		<u>(2,658)</u>	<u>(2,741)</u>
Revenue Activities Net Cash (Inflow)	16	<u>(31)</u>	<u>20</u>
Servicing of Finance			
<i>Cash Inflows</i>			
Interest received		<u>(6)</u>	<u>(5)</u>
Servicing of Finance Net Cash (Inflow)		<u>(6)</u>	<u>(5)</u>
Capital Activities			
<u>Cash Outflows</u>			
Purchase of Fixed Assets		<u>30</u>	<u>7</u>
Capital Activities Net Cash Outflow		<u>30</u>	<u>0</u>
Net Cash Outflow (Inflow) before Financing		<u>(7)</u>	<u>22</u>
(Increase) /Decrease in Cash	17	<u>(7)</u>	<u>22</u>

CENTRAL SCOTLAND VALUATION JOINT BOARD

NOTES TO THE MAIN FINANCIAL STATEMENTS

1 Financial Reporting Standard 17

The pension costs that are charged to the Joint Board's accounts comply with the Financial Reporting Standard 17. The requirement to recognise the net pensions liability in the balance sheet has reduced the reported net worth of the Valuation Joint Board by £2,756K.

2 Gross Expenditure	2007/08	2008/09
	£'000	£'000
- Staff Costs	1,948	1,923
- Property Costs	251	259
- Transport Costs	40	39
- Supplies & Services	313	308
- Third Party Payments	89	117
- Support Services	55	48
- Capital Financing Costs	<u>67</u>	<u>68</u>
Continuing Operations	2,763	2,762

Gross expenditure includes £100K (£75K 07/08) relating to a National Assessors portal project. This is offset by MGF funding included in Income. See Note 3.

3 Income	2007/08	2008/09
	£'000	£'000
- Sales of Valuation Roll	0	(1)
- Sales of Electoral Roll	(12)	(5)
- Other Income	<u>(75)</u>	<u>(103)</u>
	(87)	(109)

Other Income includes £100K MGF income (£75K 07/08) relating to a National Assessors Portal Project. Expenditure detailed in note 2.

4 Pension Costs

Local Government Pension Scheme

The Valuation Joint Board participated in the Local Government Pension Scheme, the Local Government Pension Scheme is a funded scheme administered by Falkirk Council and provides defined benefits for employees. This means that the Board and the Scheme members pay contributions into the fund, calculated at a level that is intended to balance the pensions liabilities with investment assets.

Under the 2008 SORP the Valuation Joint Board has adopted the changes to FRS17, Retirement Benefits. As a result quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. Current and prior year surplus have been unaffected by this change.

Although retirement benefits will not actually be payable until employees retire, the Board has a commitment to make the payments that need to be disclosed at the time that the employees earn their future entitlement. The cost of retirement benefits are recognised in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Contributions is based on the cash payable in the year, so the real cost of retirement benefits is reversed out within the Statement of Movements on the General Fund Balances. The following transactions have been made in the income and expenditure account and Statement of General Fund Balance during the year:

	2007/08 £'000	2008/09 £'000
<i>Net Cost of Services</i>		
- Current Service Cost	289	220
- Past Service Cost	0	0
<i>Net Operating Expenditure</i>		
- Interest Cost	647	722
- Expected Return on Assets in the Scheme	<u>(688)</u>	<u>(665)</u>
<i>Net Charge to the Revenue and Expenditure Account</i>	248	277
<i>Statement of Movement on the General Fund Balance</i>		
- Reversal of net charges made for retirement benefits (248) in accordance with FRS 17.		(277)
Actual Amount Charged against approved budget for pensions in the year		
- Employers Contributions payable to the Scheme	<u>232</u>	<u>256</u>

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and losses of £(1,624)k, (£1190k March 2008) were included in the Statement of Total Recognised gains and losses. The cumulative amount of actuarial gains and losses included in the statement of Total Recognised gains and losses is £(641)k.

5 Council Contributions		2007/08	2008/09
		£'000	£'000
- Falkirk Council	49.2%	(1,267)	(1,297)
- Stirling Council	35.4%	(907)	(928)
- Clackmannanshire Council	15.4%	(397)	(407)
		<u>(2,571)</u>	<u>(2,632)</u>

6 Leases

The operating lease to fund computer hardware and software ended during the 2007/08 financial year. The first quarter of the interest free financing lease was paid during the 07/08 financial year. The remaining payments of the financing lease will be paid during the 08/09 financial year. The gross amount of assets held under a finance lease is £19K. No depreciation is charged in the first year. The current and undischarged obligation under these leases is disclosed below:-

Operating Leases	2007/08			2008/09		
	Annual Payment	Undischarged Liability		Annual Payment	Undischarged Liability	
	2007/08	2008/09	2009/10	2008/09	2009/10	2010/11
	£'000	£'000	£'000	£'000	£'000	£'000
Computer Hardware	4	0	0	0	0	0
Financing Lease						
Computer Hardware	5	14	0	14	0	0
Hardware	1	2	0	2	0	0
Installation	1	5	0	5	0	0
Maintenance						

7 Officers' Emoluments

The number of employees whose remuneration, excluding pensions contributions, was £50,000 or more, in bands of £10,000 is detailed below.

Remuneration Band	2007/08	2008/09
	No of employees	No of employees

£50,000 - £59,999	0	2
£60,000 - £69,999	2	2
£70,000 - £79,999	0	0
£80,000 - £89,999	1	1

8 Disclosure of Audit Costs

In 2008/09 Central Scotland Joint Valuation Board incurred the following fees relating to external audit and inspection:

	2007/08 £'000	2008/09 £'000
Total Fees Payable	8	8

9 Local Government Act 1986 - Publicity Account

Under the terms of section 5(1) of the above Act the Board must disclose the total expenditure incurred in respect of publicity.

	2007/08 £'000	2008/09 £'000
The Board's spending on publicity was:-	9	7

10 Assets

	2007/08 £'000	2008/09 £'000
Intangible Assets - Software		
Gross Valuation		
Opening Balance as at 1 April	73	84
Additions	11	0
Disposals	0	0
Balance as at 31 March	<u>84</u>	<u>84</u>
Amortisation		
Opening Balance as at 1 April	0	24
Charge for the year	<u>24</u>	<u>28</u>
Balance as at 31 March	<u>24</u>	<u>52</u>
Net Book Value as at 31 March	<u>60</u>	<u>32</u>
Fixed Assets – Computer Equipment		
Gross Valuation		
Opening Balance as at 1 April	210	229
Additions	19	7
Disposals	0	0

	Balance as at 31 March	<u>229</u>	<u>236</u>
	Depreciation		
	Opening Balance as at 1 April	115	158
	Charge for the year	<u>43</u>	<u>40</u>
	Balance as at 31 March	<u>158</u>	<u>198</u>
	Net Book Value as at 31 March	<u>71</u>	<u>38</u>
11	Debtors	2007/08	2008/09
		£'000	£'000
	Sundry Debtors	<u>8</u>	<u>18</u>
	Prepayments	2007/08	2008/09
		£'000	£'000
	Property Rental and Service Charge	22	24
	Other Prepayments	<u>54</u>	<u>45</u>
		<u>76</u>	<u>69</u>
	Debtors and Prepayments	84	87
12	Creditors	2007/08	2008/09
		£'000	£'000
	Inland Revenue	35	36
	Falkirk Council (Superannuation)	25	29
	Sundry Creditors	4	18
	Other Accruals	<u>208</u>	<u>161</u>
		<u>272</u>	<u>244</u>
13	Capital Adjustment Account	2007/08	2008/09
		£'000	£'000
	Balance as at 1st April	168	131
	Transfer from Revenue Account of Capital		
	Financed from Current Revenue	<u>30</u>	<u>7</u>
		198	138
	Less Amortisation	<u>(67)</u>	<u>(68)</u>
	Balance as at 31st March	<u>131</u>	<u>70</u>

14 Pension Assets and Liabilities

The Valuation Joint Board Pension scheme is a funded scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

In addition, the Board has discretionary powers to grant additional benefits under the Local Government and Discretionary Payments Regulations of 1998 and 1996 respectively. Typically, benefits under the regulations may be awarded by the Board where an employee leaves in the interests of the efficiency of the service or on the grounds of redundancy. These are unfunded schemes meaning that there are no investment assets built up to meet the pension liabilities.

As at 31st March 2009 in order to comply with FRS 17 the Board has the following overall assets and liabilities relating to the pension scheme now included in the balance sheet.

Reconciliation of Present Value of Scheme Liabilities		
	2007/08 £'000	2008/09 £'000
Opening value of Scheme Liability	11,917	10,569
Current Service Costs	289	220
Interest Costs	647	722
Contributions by scheme participants	81	81
Actuarial (gains) and losses	(2,141)	(890)
Benefits paid	(224)	(503)
Past Service Costs	0	0
Settlements	0	0
Curtailments	0	0
Closing Value of Scheme Liability	10,569	10,199

Reconciliation of Fair Value of Scheme Assets		
	2007/08 £'000	2008/09 £'000
Opening Fair Value of Employer Assets	9,632	9,458
Expected return on scheme assets	688	665
Actuarial (gains) and losses	(951)	(2,514)
Contributions by employer	232	256
Contributions by scheme participants	81	81
Benefits paid	(224)	(503)
Settlements	0	0
Closing Fair Value of Employer Assets	9,458	7,443

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields in fixed interest investments are based on gross redemptions yields as at the Balance sheet date. Expected returns on Equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £(1,922) (2007/08 £(264)).

Scheme History

	31 March 2007 £000s	31 March 2008 £000s	31 March 2009 £000s
Estimated liabilities in Local Government Pension Scheme	(11,917)	(10,569)	(10,199)
Estimated assets in Local Government Pension Scheme	9,632	9,458	7,443
Net asset (liability)	(2,285)	(1,111)	(2,756)

The liabilities show the underlying commitments that the Board has in the long run to pay retirement benefits. The total liability of £2.756m has a substantial impact on the net worth of the Board as recorded in the Balance Sheet, resulting in a negative overall balance of £2.526m.

However, statutory arrangements for funding the deficit means that the financial position of the Board remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contribution expected to be made to the Local Government pension scheme by the Board in the year to 31 March 2010 is £288k.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Valuation Joint Board Liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Valuation Joint Board being based on the latest full valuation of the scheme as at March 2008.

The principal assumptions used by the actuary have been:-

	31 March 2008	31 March 2009
Long-Term Expected Rate of Return on Assets in the Scheme		
Equity Investments	7.7%	7.0%
Bonds	5.7%	5.4%
Property	5.7%	4.9%
Cash	4.8%	4.0%
Mortality Assumptions		
Longevity at 65 for current pensioners		
Men	20.7 Years	20.7 Years
Women	23.8 Years	23.8 Years
Longevity at 65 for future pensioners		
Men	22.0 Years	22.0 Years

Women	25.0 Years	25.0 Years
Rate of increase in salaries	5.1%	4.6%
Rate of increase in pensions	3.6%	3.1%
Rate for discounting scheme liabilities (based on 2.1% real)	6.9%	6.9%
Take-up of option to convert annual pension into retirement lump sum	25%	50%

Assets in the Falkirk Council Pensions Fund consist of the following categories by proportion of the total assets held by the Fund:

	31 March 2008	31 March 2009
Equity Investments	72%	67%
Bonds	14%	16%
Property	10%	9%
Cash	4%	8%
	100%	100%

History of experience gains and losses

The actuarial gains identified as movements on the pension reserve in 2008/09 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2009:

History of Experience gains and losses					
	2004/05 £'000	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000
Difference between the expected and actual return on assets	3.02%	13.71%	(0.82)%	(10.05)%	(33.78)%
Experience gains and losses on Liabilities	(0.02)%	(1.93)%	0.02%	0.38%	(1.26)%

15	General Fund Balance	2007/08 £'000	2008/09 £'000
	Opening Balance at 1 April	163	158
	Net (Deficit)/surplus for Year	<u>(5)</u>	<u>9</u>

Closing Balance at 31 March	<u>158</u>	<u>167</u>
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Reconciliation between Revenue Account	2007/08	2008/09
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Revenue Activities Net Cash Flow	£'000	£'000
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(Increase) / Decrease in General Fund balance for year	5	(9)
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Less Creditors and Prepayments	(12)	31
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Less Servicing of Finance - Interest (Payments)	6	5
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Less Capital Financed from Current Revenue	(30)	(7)
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Revenue Activities Net Cash (Inflow)	<u>(31)</u>	<u>20</u>
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17 Movement in Cash	2007/08	2008/09
	£'000	£'000

Cash in hand and at bank - Decrease	<u>346</u>	324
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18 Financial Instruments

As at the 31st March 2009 the Valuation Joint Board has Debtors of £87K and Creditors of £244K. There is no provision for Bad Debts. The transactions entered into do not give rise to any market, liquidity or credit risk.

CENTRAL SCOTLAND VALUATION JOINT BOARD

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the Statement of Accounts for Central Scotland Valuation Joint Board. I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Valuation Joint Board. In particular, the system includes:

- detailed budgeting systems;
- regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- the preparation of regular financial reports which indicate actual expenditure against the forecasts;
- clearly defined capital expenditure guidelines

The Internal Audit function is provided by the Internal Audit section of Clackmannanshire Council as part of Finance Services. The section reports directly to myself, although also has free access to the Chief Executive, Monitoring Officer and Elected members of the Board as and when required. The Senior Auditor has not provided an assurance statement in respect of internal controls for the 2008-09 financial year, however I have obtained assurances from the Internal Audit section that no serious failure of controls have come to light during the 2008-09 financial year. The Internal Audit section operates in accordance with CIPFA's Code of Practice for Internal Audit in Local Government.

My review of the effectiveness of the system of internal financial control is informed by:

- the work of the Assessor
- the work of managers within the Board;
- the work of the internal auditors as described above; and
- the external auditors in their annual audit letter and other reports.

Having reviewed the above, it is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Valuation Joint Board's internal control system.

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Muir S Wilson, B.A., FCCA
Treasurer
12th June 2009