



Orkney and Shetland Valuation Joint Board



Minute

Tuesday, 24 June 2025, 15:00.

Lystina Boardroom, Town Hall, Lerwick, Shetland.

Present:

Orkney Islands Council:

Dr Stephen Clackson, Lindsay Hall, Kristopher Leask, John Ross Scott and Dr Jean Stevenson.

Shetland Islands Council:

Allison Duncan, Stephen Leask, Andrea Manson (via Microsoft Teams), Liz Peterson and Arwed Wenger.

Clerk to the Board:

- Gavin Mitchell.

In Attendance:

- Erik Knight, Treasurer to the Board (via Microsoft Teams).
- Robert Eunson, Assessor and Electoral Registration Officer (via Microsoft Teams).

Orkney Islands Council:

- Andrew Groundwater, Head of Human Resources and Organisational Development (via Microsoft Teams).
- Hazel Flett, Service Manager (Governance).
- Andrew Paterson, Chief Internal Auditor.

Chair:

- Stephen Leask, Shetland Islands Council, Convener of the Board.

1. Introduction and Apologies

The Convener welcomed everyone and advised that, although the meeting would normally be broadcast live over the Internet, due to technical difficulties at the Council Chamber, the meeting had moved to the Lystina Boardroom. The meeting was being recorded, with the recording being made publicly available following the meeting and available for listening to for 12 months thereafter.

Apologies had been intimated on behalf of Gary Robinson, representing Shetland, with Andrea Manson attending as a substitute.

2. Declarations of Interest

No declarations of interest were intimated in respect of the business to be considered at this meeting.

Liz Peterson advised that, for transparency, a member of her family was employed by the Board and worked in the Shetland office. Should there be any specific discussion regarding staffing, she would leave the meeting.

3. Minute of Previous Meeting

There had been previously circulated the draft Minute of the Meeting of the Board held on 27 March 2025.

On the motion of John Ross Scott, seconded by Dr Stephen Clackson, the Board **approved** the Minute of the Meeting of the Board held on 27 March 2025, as a true record.

4. Matters Arising Log

There had been previously circulated a log detailing matters arising from previous meetings, together with a list of regular reports.

The Clerk advised that explanatory notes accompanied the matters arising from the previous meeting. There was one outstanding matter from earlier meetings, which would be closed off following this meeting. The log also included a list of regular reports and the timescale.

John Ross Scott queried whether a visit to the Lerwick office had been arranged; the Convener and the Assessor both confirmed that staff were expecting a visit once this meeting had concluded, should there be time.

Allison Duncan reiterated his concern that the Lerwick office was not fit for purpose. The Assessor advised that, once the Depute Assessor was in post, one of the first actions would be to review office accommodation, although Non-Domestic Rating work would keep staff fully employed in the second half of the year. Allison Duncan requested that a full report be submitted to the next meeting.

5. Draft Annual Accounts

There had been previously circulated the draft Annual Accounts for 2024/25, for scrutiny and approval.

The Treasurer advised that the draft financial statements had been prepared in accordance with proper accounting practices and required to be submitted to the external auditors by 30 June 2025. Section 3 of the covering report set out the main highlights and top line figures. Overall, the activities of the Board returned a small underspend, resulting in reduced requisitions from both local authorities. The Statement of Accounts was still in draft, with some areas showing £0. One example was long term assets on page 24, and some new accounting practices, as well as timing issues to get the Notes to the Accounts completed. The Board was required to approve the Annual Governance Statement, set out on pages 9 to 16 of the draft accounts.

In response to a query from John Ross Scott regarding short term debtors, where Orkney Islands Council owed the Board £46k, but Shetland Islands Council owed £0, the Treasurer suggested this was possibly in relation to valuations which the Board carried out for Orkney Islands Council. The Assessor confirmed this was the case and would be sorted as part of year end processes.

In response to a further query from John Ross Scott in respect of the Virgin Media judgement, the Treasurer confirmed this raised a potential obligation on pension schemes but had not yet reached a conclusion, similar to the McCloud judgement. This was one of several issues highlighted in yellow throughout the draft accounts which required updating before the accounts could be finalised, and might require disclosure notes from KPMG. John Ross Scott queried whether the two pension fund judgements could be the topic of a training session; the Treasurer advised that this was not entirely relevant to the operation of the Board.

The Board thereafter **approved** the draft Annual Accounts for 2024/25, incorporating the Annual Governance Statement, attached as Appendix 1 to the report by the Treasurer to the Board, subject to further amendments in relation to IFRS16.

6. Internal Audit – Workforce Planning

There had been previously circulated a report by the Chief Internal Auditor on the outcome of a review of workforce planning.

The Chief Internal Auditor advised that effective workforce planning helped to ensure resource availability to meet strategic goals and future needs and reduced risks associated with understaffing. The objective of the audit was to obtain reasonable assurance that the controls and processes around workforce planning were operating effectively. The audit provided substantial assurance that the workforce planning arrangements were well controlled and managed. The internal audit report included three low priority recommendations regarding demand forecasting, goal setting and considerations for the next iteration of the workforce plan. There were no medium or high-level recommendations made as a result of the audit.

With regard to monitoring and reporting, Kristopher Leask queried how relevant benchmarking with other Boards was, given this Board was quite unique. The Assessor responded that other Boards were the only benchmarks available and agreed with the disparate nature of Boards, both in size and structure. One example related to self-catering units – Highland had over 5,000, but Glasgow had less than 200. Kristopher Leask suggested the lack of comparability was worth bearing in mind.

Lindsay Hall queried the vagueness of the management comment in respect of recommendation 3, whereby consideration should be given to including SMART goals within the Workforce Plan action plan, “where possible”. The Chief Internal Auditor advised that it was not always possible to have a SMART target for KPIs or targets, hence use of the terminology “where possible”, which allowed flexibility.

Following scrutiny of the findings of the internal audit reviewing the controls and processes in place around workforce planning, attached as Appendix 1 to the report by the Chief Internal Auditor, the Board obtained assurance that action had been taken or agreed where necessary.

7. Internal Audit Annual Report and Opinion

There had been previously circulated the internal audit annual audit report and opinion from the Chief Internal Auditor, for scrutiny.

The Chief Internal Auditor advised that the Global Internal Audit Standards for the UK Public Sector required him to prepare an overall conclusion about the effectiveness of governance, risk management and control at least annually in support of wider governance reporting. The overall conclusion must encompass governance, risk management and control.

The Annual Audit Report and Opinion detailed the level of completion of work achieved in respect of the 2024/25 Internal Audit Plan. It also provided assurance on the systems examined by Internal Audit during the financial year. In respect of the areas subject to audit review during 2024/25, as well as a review of outstanding audit recommendations, it was found that the framework of controls in place provided Substantial assurance regarding governance, internal control, and risk management. There were no instances of fraud identified from the audit work conducted during the year. Section 9 highlighted the status of audit recommendations from both current and previous year audits.

John Ross Scott sought clarity on the first recommendation arising from the Performance Reporting Audit, marked amber, with a target date of June 2026, and a management comment that it would be implemented “where possible”. The Chief Internal Auditor confirmed that the amber grading related to the status given to the recommendation when the audit was carried out. The reference to “where possible” was similar to the situation discussed at the previous item, whereby some objectives could not be made SMART and, in this case, related to statutory reporting requirements.

In response to a query from the Convener regarding more realistic targets for the Council Tax valuation list KPIs, the Assessor confirmed that this was in relation to the self-catering audit, which was first carried out in 2023, when no one knew what to expect from the process. Once people were more engaged with the process, performance should improve and more meaningful KPIs could be considered.

Dr Jean Stevenson referred to the subsequent recommendation and asked whether the Board would be considering a revised KPI at this meeting. The Assessor advised that he was continuing to look for alternative KPIs, as Orkney and Shetland was currently the only Board who measured the % reduction on appeal, and would report back in June 2026, once the next revaluation was substantially complete.

Following scrutiny of the Internal Audit Annual Report and Opinion, attached as Appendix 1 to the report by the Chief Internal Auditor, the Board obtained assurance in respect of the overall opinion set out in section 6, namely that, in respect of the areas subject to audit review during 2024/25, as well as a review of outstanding audit recommendations, the framework of controls in place provided Substantial assurance regarding governance, internal control, and risk management.

8. Number of Assessors and Availability of Resources

There had been previously circulated the report to the Scottish Parliament, required by section 24 of the Non-Domestic Rates (Scotland) Act 2020, on the number of assessors and availability of resources, for consideration and approval.

The Assessor advised that section 24 of the Non-Domestic Rates (Scotland) Act 2020 required valuation joint boards and valuation authorities, where functions had not been delegated to such a board, to report to the Scottish Parliament on the number of assessors and availability of resources within that board. This must be done by 31 May in the relevant year, and three-yearly thereafter, with 2025 being the first year that this had been required. Due to the relevant reporting date (1 April 2025) and the deadline for submission (31 May 2025), it had not been possible for the Board to approve the report in advance of the deadline. After consultation with the Clerk to the Board, the course of action taken was to circulate the report to Board Members in advance of the submission deadline, seeking comments, with formal approval being sought subsequently, at this meeting.

The Board **approved** the report, attached as Appendix 1 to the report by the Assessor and Electoral Registration Officer, on the number of assessors and availability of resources, as required by section 24 of the Non-Domestic Rates (Scotland) Act 2020, which was laid before the Scottish Parliament on 30 May 2025.

9. Best Value Performance Report

There had been previously circulated a report by the Assessor and Electoral Registration Officer setting out the annual performance related targets and outcomes, in relation to the statutory valuation functions, for the reporting period 1 April 2024 to 31 March 2025, for scrutiny.

The Assessor highlighted the following:

- The full suite of performance information detailed in Appendix 1.
- An anticipated reduction in the number of self-catering units moving back to the Council Tax list had not transpired.
- When self-catering units were removed from the performance data, all other targets and outcomes in relation to Council Tax were either met or exceeded.
- Comparison with other Assessors in relation to Council Tax targets indicated that the Board exceeded the average of all other Assessors' performance targets.
- Valuation Roll targets and outcomes were also disappointing due, in the most part, to the self-catering audit, a lack of resource and the new Revaluation cycle.
- A modest decrease in the entry within 3 months target was set for 2024/25 which was not realistic in that there was insufficient knowledge of working in the 3-yearly cycle of Revaluation, resulting in significant reductions in the targets for 2025/26.
- Targets were set higher than the average of all the other Assessors, however it was understood that most, if not all other, Assessors were also considering dramatically reducing targets as a result of performance in the past year.

In response to a query from John Ross Scott regarding the number of dwellings on the Council Tax list and whether self-catering units skewed that number, the Assessor confirmed that, as operators had to prove lettings, the audit was always retrospective.

The Convener referred to the imminent arrival of the Depute Assessor, as well as the trainee graduate valuers having achieved chartered status, as a potential for improved performance. The Assessor advised that the experience which the Depute Assessor would bring, together with the graduates, should see an improvement on the Non-Domestic Rating side, however the shortened Revaluation cycle resulted in a continuous heavy workload, with work overlapping from one cycle to the next.

Following scrutiny of the performance related targets and outcomes, as detailed in Appendix 1 to the report by the Assessor and Electoral Registration Officer, together with supplementary information in section 3 of the report, the Board obtain assurance.

10. Best Value – Progress Report

There had been previously circulated a report by the Assessor and Electoral Registration Officer presenting the six-monthly progress report on the Board's primary service functions for the period October 2024 to April 2025, for scrutiny.

The Assessor highlighted the following:

- The annual electoral registration canvass was successfully completed, with tablets allowing for immediate updates.
- The next annual canvass would be commencing shortly.
- The number of Council Tax proposals/appeals remained very low.
- The self-catering audit would be delayed to the second half of the year to allow work to continue on the Revaluation.
- The new Revaluation process was now well embedded.
- 200 appeals had been received in respect of the 2023 Revaluation which, although less than half the number of appeals from the 2017 Revaluation, required significantly more resource to deal with, with approximately 50 still to be disposed by the end of September 2025.

In response to a query from Dr Stephen Clackson regarding appeals from 2017, the Assessor advised that the local authority finance team issued the normal rates bill and then, should the appeal be successful, the rate payer would receive a refund. It was interesting to note that the 2020 Act allowed for rates to increase on appeal, whereas previously only a reduction was permitted on appeal.

Discussion followed on differing dates for renewal of absent votes and what assistance could be provided to ensure there was not a bottleneck of applications or renewals when an election was announced. It was suggested that this could be communicated through Community Councils.

Following scrutiny of the overview and priorities of the three statutory duties, namely the Electoral Registration Service, Council Tax and Non-Domestic Ratings, as set out in the report by the Assessor and Electoral Registration Officer, the Board took assurance.

11. Date of Next Meeting

It was noted that the next meeting was scheduled to be held in Orkney on Tuesday, 30 September 2025.

12. Conclusion of Meeting

At 16:06 the Convener declared the meeting concluded.

Signed: