



# Orkney and Shetland Valuation Joint Board



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## Minute

Thursday, 26 September 2024, 15:00.

Council Chamber, Council Offices, School Place, Kirkwall.

### Present:

#### Orkney Islands Council:

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

#### Shetland Islands Council:

Allison Duncan, Stephen Leask, Liz Peterson, Gary Robinson and Arwed Wenger.

### Present via Remote Link (Microsoft Teams):

Dr Jean Stevenson, Orkney Islands Council.

### Clerk to the Board:

- Karen A Greaves.

### In Attendance:

- Erik Knight, Treasurer to the Board.

### Orkney Islands Council:

- Andrew Groundwater, Head of Human Resources and Organisational Development.
- Gavin Mitchell, Head of Legal and Governance.
- Hazel Flett, Service Manager (Governance).
- Andrew Paterson, Chief Internal Auditor.

### In Attendance via Remote Link (Microsoft Teams):

- Robert Eunson, Assessor and Electoral Registration Officer.

### KPMG:

- Michael Wilkie, Director.
- Taimoor Alam, Manager.

### Chair:

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

## **1. Introduction and Apologies**

The Convener welcomed everyone and reminded members that the meeting was being recorded and broadcast live over the Internet on Orkney Islands Council's website. The recording would also be publicly available following the meeting and available for listening to for 12 months thereafter.

No apologies for absence had been intimated.

## **2. Declarations of Interest**

Although not a declaration of interest, Liz Peterson advised that, in order to be transparent, a family member worked in the Shetland office.

## **3. Minute of Previous Meeting**

There had been previously circulated the draft Minute of the Meeting of the Board held on 20 June 2024.

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 20 June 2024, 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.

Regarding the outstanding action from the previous meeting regarding a whistleblowing policy, the Clerk advised that Board employees were employed in accordance with terms and conditions of employment relating to Shetland Islands Council. Whistleblowing policies for both constituent authorities had been reviewed and it was felt that a Board specific policy would be more appropriate. The Clerk undertook to submit a draft policy to the next Board meeting for consideration.

Regarding the outstanding action from earlier meetings regarding reporting the work of the Board to the constituent authorities, the Assessor advised that, following informal exploration, there did not appear to be a practice within other Boards to report their work through formal Council structures. However, to provide assurance, all business of the Board, including performance reporting, was available on the website, with papers for Board meetings available on Orkney Islands Council's website. Officers in both constituent authorities were consulted on draft reports prior to circulation with the formal agenda for Board meetings. Accordingly, officers did not feel any further action was required.

John Ross Scott suggested that, although officers were well sighted on the work of the Board, this could not be said about elected members. Liz Peterson suggested that a briefing, providing links to the relevant websites, be issued. The Clerk agreed this could be done and that this be done immediately after the performance report had been scrutinised by the Board.

The Board scrutinised the log and took assurance that action had been taken where required.

## **5. Revenue Expenditure Outturn**

There had been previously circulated a report by the Treasurer to the Board advising on the revenue budget outturn position for financial year 2023/24 in respect of the Orkney and Shetland Valuation Joint Board.

The Treasurer advised that, although there was a small underspend against the approved budget, mainly in respect of staff costs as a result of vacancies, this would result in a decrease in the requisition to each of the constituent authorities, which would be paid in December 2024.

In response to a query from John Ross Scott regarding the disparity between the requisitions, the Treasurer advised that Orkney had higher property costs, including rent, rates and heating costs, as it was an older building.

In response to a query from John Ross Scott regarding the Barclay Review, the Assessor advised that the small overspend related to increased staffing and the new IT system, with subsequent inflationary provision higher than the allocation from Scottish Government. The Treasurer advised that it was hoped the additional funding would continue and be baselined, given it was supporting a number of staff.

The Board noted:

**5.1.** The revenue financial summary statement in respect of the Orkney and Shetland Valuation Joint Board, for financial year 2023/24, attached as Annex 1 to the report by the Treasurer to the Board, reporting a balanced budget position.

The Board scrutinised:

**5.2.** The explanations given and actions proposed in respect of significant budget variances as outlined in the Budget Action Plan, attached as Annex 2 to the report by the Treasurer to the Board, together with the detail provided in section 4.3 of the report, and obtained assurance that action had been taken with regard to significant budget variances.

## **6. Revenue Expenditure Monitoring**

There had been previously circulated a report by the Treasurer to the Board advising of the revenue position of the Board as at 30 June 2024.

The Treasurer advised that a number of small budget variances combined accounted for the budget deficit position at the end of the first quarter.

The Board noted the revenue financial summary statement, in respect of the Orkney and Shetland Valuation Joint Board, for the period 1 April to 30 June 2024, attached as Annex 1 to the report by the Treasurer to the Board, indicating a budget deficit position of £11,900.

## **7. Annual Audit Report 2022/23 – Action Plan**

There had been previously circulated a report by the Clerk to the Board providing an update on progress with the Action Plan arising from the Annual Audit Report on the 2022/23 Audit of Orkney and Shetland Valuation Joint Board.

The Clerk advised this was the regular report tracking external audit recommendations and confirmed that all actions were reported as complete at the previous meeting, following the adoption of Board specific Financial Regulations and Contract Standing Orders, as well as an updated Medium Term Financial Plan. The Board were being asked to confirm the action plan as complete and to note that any new recommendations arising from the 2023/24 would be added and reported on from the next Board meeting. However, as there were no recommendations contained within the External Audit Annual Audit Report, this would be the last time this progress update would feature on the agenda.

Kristopher Leask remarked that this had been a useful format for tracking audit recommendations and consideration should be given to rolling the practice out.

The Convener thanked the Clerk and her team for all their work, resulting in the Board aligning all its work openly and transparently.

The Board noted:

**7.1.** The updated Action Plan, attached as Appendix 1 to the report by the Clerk to the Board, which contained actions arising from the Annual Audit Report on the 2022/23 Audit.

**7.2.** That all the actions from the 2022/23 Annual Audit Plan were now complete.

**7.3.** That, as no actions were identified in the draft Annual Audit Report on the 2023/24 Audit, there was no requirement for an action plan monitoring progress to be presented to the Board.

## **8. Audit Report to those charged with Governance**

There had been previously circulated a report by the Treasurer to the Board presenting the External Auditor's Annual Audit Report to those charged with governance of the Board's Financial Statements.

The Treasurer advised that, although KPMG would present the detail of their report, he reported that one adjusted audit difference, together with a small number of presentational adjustments within the financial statements had been identified and were adjusted in the final accounts. On the whole, an unqualified opinion was a good result.

Michael Wilkie presented two reports, the representations from management, which was a requirement for every audit, and the draft annual audit report, and provided the following summary:

- Materiality levels which, following completion of audit testing, had been adjusted to £27,000.
- The auditors expected to issue an unqualified opinion and there were no matters to report by exception.
- Two risks presumed in every audit:
  - Management override controls – no instances identified.
  - Manipulating income and expenditure – rebutted.

- Specific risk relating to pension liabilities – not unique and level of judgement required on assumptions made by management which indicated assumptions were balanced, however there was one adjusted audit difference, whereby the auditors considered the pension assets and liabilities to be overstated by £71,000.
- No concerns to highlight in respect of the wider dimensions for public sector audits.
- No recommendations arising from the 2023/24 audit.
- Prior year recommendations had been followed up and confirmed that all were now complete.

In response to a query from Allison Duncan that the inflation assumption at 2% could be considered low, the Treasurer confirmed that the Medium Term Financial Plan was based on Bank of England forecasts, however inflation was starting to rise. In respect of pay awards, which were not yet complete, there was an expectation that councils could afford 3% although it was difficult to comprehend that local government would settle for less than the NHS, which had agreed 5.5%. The agreed pay award would definitely impact the next iteration of the Medium Term Financial Plan.

John Ross Scott suggested that a 10 year forecast was a long period and queried how it was possible to project figures 10 years ahead. Michael Wilkie responded that, although he appreciated a 10 year plan provided greater uncertainty, Audit Scotland's expectation was that Medium Term Financial Planning should be medium to long term. Further, it was a rolling 10 year plan and was constantly updated to take account of changing circumstances.

The Board noted:

- 8.1.** That KPMG, as the Board's external auditor, had concluded its audit of the Orkney and Shetland Valuation Joint Board's Annual Accounts for the year ended 31 March 2024.
- 8.2.** That KPMG expected to provide an unqualified audit opinion on the Orkney and Shetland Valuation Joint Board's Annual Accounts for the year ended 31 March 2024.
- 8.3.** That an unqualified opinion meant that the Annual Accounts had been properly prepared in accordance with applicable law, accounting standards and other reporting requirements.
- 8.4.** That KPMG deemed that, as a result of the issues identified in the 2021/22 annual audit report in relation to governance and decision making, it remained appropriate to apply expanded wider scope requirements, specifically to follow-up on the recommendations made in the 2021/22 annual audit report covering financial sustainability and governance and transparency.
- 8.5.** That, during the course of the audit, one adjusted audit difference (detailed on page 19 of the Annual Audit Report), together with a small number of presentational adjustments within the financial statements, were identified, which had been adjusted in the final accounts.

The Board **resolved**:

**8.6.** That the Orkney and Shetland Valuation Joint Board's Letter of Representation to KPMG in connection with its audit of the financial statements of the Orkney and Shetland Valuation Joint Board for the year ended 31 March 2024, attached as Appendix 1 to the report by the Treasurer to the Board, be approved.

The Board scrutinised:

**8.7.** The Annual Audit Report to the Board and the Controller of Audit in respect of the Orkney and Shetland Valuation Joint Board's Annual Accounts, attached as Appendix 2 to the report by the Treasurer to the Board, and took assurance.

## **9. Annual Accounts 2023/24**

There had been previously circulated a report by the Treasurer to the Board presenting the Annual Accounts for the Orkney and Shetland Valuation Joint Board for financial year 2023/24.

The Treasurer reminded members that the draft accounts were considered at the previous meeting prior to submission to Audit Scotland for auditing by KPMG. Changes included the adjustment of £71,000 referred to the Annual Audit Report above, but this did not result in any change to the overall totals. Section 2 of the Accounts, the Management Commentary, gave an insight into the operation of the Board and reflected the outturn position reported earlier in the meeting.

Allison Duncan referred to the risk relating to staffing and whether this was specific to the Board or wider. The Clerk and the Head of Human Resources and Organisational Development both advised that different sectors all had recruitment difficulties, and this was a national problem. Local government was struggling as there were not enough people in the workforce to provide services to the aging demographic. In small service areas the impact was not as great as in other areas, where the impact could be significant.

The Assessor advised that Assessors were no different to other sectors, particularly given the small numbers, and, should one Assessor retire or move on, this could cause difficulties in recruitment. The Board had been fortunate lately with recent recruitment exercises. The locally agreed pay and grading model, combined with the Barclay Review funding had certainly improved the quality of candidate, and "growing our own" had produced dividends.

The Board noted:

**9.1.** That the Local Authority Accounts (Scotland) Regulations 2014 required the Board to consider and approve an audited set of accounts, including an annual governance statement, by 30 September each year, and publish the accounts on a website by 31 October.

**9.2.** The management commentary, comprising pages 1 to 8 of the Annual Accounts, attached as Appendix 1 to the report by the Treasurer to the Board, which provided an overview of the most significant matters reported in the Annual Accounts for financial year ended 31 March 2024, with the key facts and figures summarised at section 4.3 of the report.

The Board **resolved**:

**9.3.** That the Annual Accounts for financial year 2023/24, incorporating the Annual Governance Statement, attached as Appendix 1 to the report by the Treasurer to the Board, be approved.

## **10. Scheme of Delegation**

There had been previously circulated a report by the Clerk to the Board presenting the outcome of a review of the Orkney and Shetland Valuation Joint Board's Scheme of Delegation.

The Clerk advised that, when the Board approved the initial Scheme in December 2022, the Board had asked that it be reviewed once it had been in operation for at least one year. Two versions were presented, one with track changes and one clean copy. Most of the proposed changes were cosmetic, however another change had been identified since the paper had been issued with the agenda.

The Head of Human Resources and Organisational Development referred to section 6.2.28 of the revised Scheme of Delegation and advised that the term "Chief Officer" was not relevant to the Board, as it related to a small group of employees in local government terms. He suggested that section 6.2.28 be amended to read "To appoint all staff up to and including the posts of Depute Assessor and Depute Electoral Registration Officer", which reflected existing authority and current practice.

The Clerk extended her thanks to the Service Manager (Governance) for co-ordinating the review and updating the documentation, which was echoed on behalf of the Board by the Convener.

The Board noted:

**10.1.** That, on 8 December 2022, the Board approved, in principle and subject to amendments proposed by Members, a draft Scheme of Delegation, with powers delegated to the Clerk to finalise and publish the Scheme.

**10.2.** That a review of the Scheme of Delegation was to take place following 12 months of operation.

**10.3.** That a review of the Scheme of Delegation had been undertaken, with the main changes outlined in section 4.2 of the report by the Clerk to the Board.

The Board **resolved**:

**10.4.** That, subject to inclusion of the amendment to section 6.2.28 as advised by the Head of Human Resources and Organisational Development, the Scheme of Delegation to Officers, attached as Appendix 2 to the report by the Clerk to the Board, be approved.

## 11. Workforce Plan

There had been previously circulated a report by the Assessor and Electoral Registration Officer presenting the revised Workforce Plan for the period 2024 to 2027.

The Assessor advised that the first workforce plan, which was developed as a result of a recommendation from the external auditors in the 2019/20 audit plan, was nearing the end of its life. The issues identified in 2021 remained, namely changes to the Non-Domestic Rating system, legislative impacts on Electoral Registration and staff retention.

Accordingly, there were no significant changes proposed to the next iteration covering the period 2024 to 2027. However, a new section on employee wellbeing, corresponding with the goals from the Corporate Plan, had been included.

Kristopher Leask referred to the age profile at section 4.1 and, given it was a niche sector and small number, he did not think percentages were particularly helpful. However, he queried whether the spread was comparable with other Boards. The Assessor could not confirm on comparison however, with three retirements within the last year, the age profile had decreased from the previous plan, which Kristopher Leask found reassuring.

Kristopher Leask then queried whether staff had access to a sector specific trade union, or whether they joined an umbrella union. The Assessor confirmed that he was aware that staff were members of a trade union, and all had access to a trade union, if required.

In relation to succession planning, John Ross Scott queried how easy or difficult this was with the existing staffing complement. The Assessor advised that, with very small teams, some with only two in each, if someone left, this could result in half the team being replaced, therefore it was essential that staff were well trained, given that any cross over was short or non-existent. IT systems were good and required skills to operate, therefore manuals required to be in place and up to date.

The Board noted:

**11.1.** That the initial workforce plan (2021-2024) was reaching the end of its life and needed to be reviewed.

The Board **resolved**:

**11.2.** That the Orkney and Shetland Valuation Joint Board Workforce Plan 2024-27, attached as Appendix 1 to the report by the Assessor and Electoral Registration Officer, be approved.

## 12. Date of Next Meeting

The Clerk advised that the next meeting was scheduled to be held on 28 November 2024 and would be a virtual meeting.

## 13. Dates for 2025

The Clerk referred to the provisional dates for meetings in 2025, which had been checked with both constituent councils to confirm there were no known conflicts, including with national meetings attended by the Assessor. The Clerk sought the views of the Board as to the location of meetings for 2025.



There was general agreement that the meetings should follow the same pattern as 2024, and therefore the following dates and venues were agreed:

- 27 March 2025 (virtual).
- 24 June 2025 (in Shetland).
- 30 September 2025 (in Orkney).
- 27 November 2025 (virtual).

#### **14. Closing Remarks and Conclusion of Meeting**

Allison Duncan advised that all reports submitted to the Board at this meeting were clear and concise, with no contention, and that spoke volumes for the staff. The Convener agreed and asked that the Board's appreciation be passed on to relevant officers.

Lindsay Hall extended thanks to Mr Wilkie and Mr Alam, KPMG, who had spent a number of days with Orkney Islands Council covering various audits.

There being no further business, the Convener declared the meeting concluded at 15:55.

Signed: (Chair).