



Orkney and Shetland Valuation Joint Board



Minute

Tuesday, 10 March 2026, 14:00.

Microsoft Teams.

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, Liz Peterson, Gary Robinson and Arwed Wenger.

Clerk to the Board:

- Gavin Mitchell

In Attendance:

- Erik Knight, Treasurer to the Board.
- Robert Eunson, Assessor and Electoral Registration Officer.

Orkney Islands Council:

- Hazel Flett, Service Manager (Governance).
- Andrew Paterson, Chief Internal Auditor.
- Susan Taylor, Committees Officer.

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. Declaration of Interest

In relation to Item 10, Liz Peterson stated for transparency reasons that she had a connection, in that a close family member was employed by the Orkney and Shetland Valuation Joint Board, based in the Lerwick office, but considered, having applied the objective test, that the connection did not amount to a declarable interest, unless staffing matters were to be discussed.

3. Minute of Previous Meeting

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

On the motion of Gary Robinson, seconded by John Ross Scott, the Board **approved** the Minute of the Meeting of the Board held on 27 November 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.

In relation to Action 1 on outstanding matters from previous meetings, relating to the Shetland Accommodation, the Assessor referred members to the note contained in the Log and advised that, should further detailed information be required, the Board would require to exclude the public from the meeting. Allison Duncan asked if an update could be given at the next meeting and the Assessor advised that this would be possible but that the matter would have to be held in private. After a suggestion from the Convener, the Assessor agreed to email Board members with an update and, if further discussion was required, arrangements could be made for it to be heard in private at a future meeting of the Board.

Although not included in the log, John Ross Scott sought an update on preparation for the upcoming Scottish Parliamentary election, particularly getting young people to vote. The Assessor advised that it was too early to ascertain. The Convener advised that he had approached the Depute Electoral Registration Officer with a view to engaging young people at UHI Shetland. The Assessor advised that a previous event had resulted in an increase in electoral registrations by young people.

Following scrutiny of the log, the Board obtained assurance that action had been taken where required.

5. Revenue Expenditure Monitoring

There had been previously circulated a report by the Treasurer advising of the revenue position of the Board as at 31 December 2025.

The Board:

5.1. Noted the revenue financial summary statement, in respect of the Orkney and Shetland Valuation Joint Board, for the period 1 April to 31 December 2025, attached as Annex 1 to the report by the Treasurer.

5.2. Scrutinised the explanations given and actions proposed in respect of one significant budget variance, as outlined in the Budget Action Plan, attached as Annex 2 to the report by the Treasurer, and obtained assurance that appropriate action was being taken.

6. Draft Budget for 2026/27

There had been previously circulated a report by the Treasurer setting out a draft budget for 2026/27, for approval.

The Treasurer outlined the main assumptions made in drafting the budget, as follows:

- The budget was based on a standstill position, subject to pay and inflationary cost pressures, and broadly followed the strategies adopted by the constituent authorities.
- A revenue budget of £160,100 proposed in respect of Barclay Review Implementation costs for financial year 2026/27, covered by the increased funding of £17,000 received by each constituent local authority from the Scottish Government. Total funding for the Barclay Review was now £91,000 for each local authority, or £182,000.
- An increase in the total requisition amount of £53,400, or 4.7%, which correlated closely with the pay awards.
- Property costs increased by £3,000 to cover the additional cost of Non-Domestic Rates as a result of the revaluation process for the premises the Board employees operated from.

After a question from the Convener, the Treasurer advised that no new funding had yet been identified for the proposed increase in the number Council Tax bands, but that Assessors would be asked to provide estimated costs in relation to this additional work.

The Board **resolved** that the draft budget for 2026/27, attached as Appendix 1 to the report by the Treasurer, be approved.

7. Internal Audit Charter

There had been previously circulated a report by the Chief Internal Auditor presenting the Internal Audit Charter for 2026/27, for approval.

The Chief Internal Auditor advised that the Institute of Internal Auditors' Global Internal Audit Standards in the UK Public Sector included a requirement that the Chief Internal Auditor maintain an Internal Audit Charter, that the Charter be reviewed annually and approved by the Board.

The Charter established the position of Internal Audit including the Chief Internal Auditor's functional reporting line to the Board. The Charter contained the purpose, mandate and responsibilities of Internal Audit and the scope of services provided. The Charter also detailed the authority of Internal Audit to access records, personnel and physical properties relevant to the performance of audit engagements and defined the scope of internal audit activity.

The Charter presented to the Board for approval was based on the Institute of Internal Auditors' model charter and conformed with the Global Internal Audit Standards in the UK Public Sector.

Members highlighted the importance of annual scrutiny of the Internal Audit Charter and associated plans.

The Board **resolved** that, subject to the typographical error on page 3, where “IJB” should be replaced with “VJB”, the Internal Audit Charter for 2026/27, attached as Appendix 1 to the report by the Chief Internal Auditor, be approved.

8. Internal Audit Strategy and Plan

There had been previously circulated a report by the Chief Internal Auditor presenting the Internal Audit Strategy and Plan for 2026/27, for approval.

The Chief Internal Auditor advised that the Institute of Internal Auditors’ Global Internal Audit Standards in the UK Public Sector included the requirement for the Chief Internal Auditor to develop a strategy and prepare a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation’s goals.

The Board had previously approved a three-year rolling Internal Audit Strategy and Plan, noting that the plan would be updated annually.

The planning process involved:

- Reviewing the Board’s risk register.
- Reviewing the Board’s strategic and operational plans.
- Reviewing external audit reports to identify areas of concern.
- Reviewing the Board’s website and internal policies and procedures.
- Reviewing audit work previously undertaken, and the conclusions reached.
- Consultation with the Assessor and Board Officers.

Page 3 of the draft Plan outlined the audits planned for the coming three years. Of the internal audits identified for 2025/26, one audit (Financial Controls) was still to be completed with the other two (Corporate Governance and Risk Management and Payroll) to be considered at this meeting.

The audit areas planned for 2026/27 were a review of the 2026 Non-Domestic Rates Revaluation and a review of the electoral registration process following the forthcoming Scottish Parliamentary election, however that could be adjusted to take into account emerging risks.

In response to a question from John Ross Scott regarding use of Artificial Intelligence (AI), the Chief Internal Auditor advised that data analytics and AI were already being used to test data, rather than undertaking a sample, and to evaluate the effectiveness of processes. AI assisted in speeding up processes and was also used for research purposes.

The Board **resolved** that the Internal Audit Strategy and Plan for 2026/27, attached as Appendix 1 to the report by the Chief Internal Auditor, be approved.

9. Internal Audit – Corporate Governance and Risk Management

There had been previously circulated a report by the Chief Internal Auditor presenting the Internal Audit report on Corporate Governance and Risk Management, for scrutiny.

The Chief Internal Auditor advised that the internal audit plan for 2025/26 included a review of Corporate Governance and Risk Management. That audit was now complete, and the internal audit report attached for scrutiny.

Effective governance and risk management were essential to ensure compliance with legislation, transparency, accountability and delivery of Best Value.

The objective of the audit was to evaluate whether the Board's governance framework, risk management processes, and associated internal controls were well-designed, operating effectively, and compliant with relevant legislation and good practice standards.

The audit provided Substantial assurance that processes and controls relating to corporate governance and risk management were well controlled and managed. Several areas of good practice had been identified, and the internal audit report included one low priority recommendation relating to a review of the Annual Governance Statement to ensure it met the requirements of the revised Framework.

John Ross Scott sought further detail on the one recommendation, which appeared substantial, although the recommendation had a low priority rating. The Chief Internal Auditor explained that the previous Annual Governance Statement did not cover all of the principles contained in the 2016 guidance. The 2025/26 Annual Governance Statement would require to be updated to reflect the 2026 guidance as well as being aligned with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance update released in May 2025.

The Board scrutinised the findings of the internal audit assessing the effectiveness of the corporate governance and risk management arrangements in place, attached as Appendix 1 to the report by the Chief Internal Auditor, and obtained assurance that the Board's governance framework, risk management processes and associated internal controls were well-designed, operating effectively and compliant with relevant legislation and good practice standards.

10. Internal Audit – Payroll

There had been previously circulated a report by the Chief Internal Auditor presenting the Internal Audit report on Payroll, for scrutiny.

The Chief Internal Auditor advised that the internal audit plan 2025/26 included a review of payroll activities. That audit was now complete, and the internal audit report attached as for scrutiny.

Orkney Islands Council provided payroll services to the Orkney and Shetland Valuation Joint Board, involving the payment of wages and salaries for 13 employees and 11 pensioners. The audit comprised a high-level review of all key aspects of payroll, including an examination of payments, authorisations and changes to payroll data, focussing on the period from 1 April 2024 to 30 September 2025.

The objective of the audit was to review the processes and procedures in place to ensure that the financial record of salaries, wages and deductions were accurate, and that staff were paid the correct amount at the right time.

The audit provided Substantial assurance that procedures and controls relating to payroll were well controlled and managed. The internal audit report included two low priority recommendations regarding a memorandum of understanding and authorised signatories.

In response to a query from Lindsay Hall on use of the terms “Service Level Agreement” and “Memorandum of Understanding”, the Chief Internal Auditor advised that both terms were interchangeable and that either would be sufficient for outsourced services contracts. It had been agreed that a Memorandum of Understanding would be appropriate in respect of payroll and pension administration responsibilities.

In relation to recommendation 2, Dr Stephen Clackson queried when “with immediate effect” was applicable and the Assessor confirmed that this would come into effect as soon as the Board had scrutinised the audit report, therefore from today’s date.

The Board scrutinised the findings of the internal audit reviewing the payroll arrangements for the Orkney and Shetland Valuation Joint Board, focussing on payroll accuracy, authorisation, statutory compliance and financial reconciliation, attached as Appendix 1 to the report by the Chief Internal Auditor, and obtained assurance that action had been taken or agreed where necessary.

11. Medium-Term Financial Plan

There had been previously circulated a report by the Treasurer setting out a Medium-Term Financial Plan for 2026/27 to 2028/29, for approval.

The Treasurer advised that the starting point for the Medium-Term Financial Plan was the draft base budget, projected out using various assumptions, including staff costs and inflationary changes.

Lindsay Hall queried the adequacy of the current staff complement to cope with additional workload in the event of future legislative changes to electoral processes. The Treasurer advised that recent changes had already been incorporated and the Assessor confirmed that proposed future legislation would streamline the absentee voting processes, thus enabling staff to work more efficiently.

After a question from Dr Jean Stevenson highlighting the disparity between the employers’ pension contributions for the constituent authorities, namely Shetland at 27.7% compared with Orkney at 15%, the Treasurer confirmed that a pension fund revaluation was expected to take place later in the year, with a possibility that the Shetland contribution level might reduce, depending on geopolitical developments. The Treasurer further advised that this figure had been highlighted as it added almost 30% to staff costs.

John Ross Scott asked how the continued provision of one-year settlement figures from the Scottish Government affected short to medium term planning, and whether three-year settlement figures would help or hinder that process. The Treasurer advised that the Scottish Government had indicated, when advising of the 2026/27 settlement figure, that three-year figures would be provided and anticipated that these would be available by the end of March 2026.

Whilst there would be a risk in setting the budget too early, some costs could be sufficiently accurate to provide assumptions, if the Board required a budget earlier in the year.

On the motion of Gary Robinson, seconded by Lindsay Hall, the Board **resolved** that the Medium-Term Financial Plan for the period 2026/27 to 2028/29, attached as Appendix 1 to the report by the Treasurer, be approved.

12. Service Plan

There had been previously circulated a report by the Assessor and Electoral Registration Officer presenting the Service Plan for the period 2026 to 2029, for approval.

The Assessor advised that, in addition to the Service Plan, the Board also had a Corporate Plan, approved in December 2023, although there was no legal requirement to have both. The common approach among Valuation Joint Boards was to have only a Service Plan and, with all of the Board's key objectives and outcomes contained within the Service Plan 2023-26, the Corporate Plan was rendered superfluous. Accordingly, it was proposed that both plans be combined. Should the Board approve this proposal, the Corporate Plan 2023-2026 would not be renewed, and any reference to it in other policies and documents would be amended accordingly.

Referring to section 2.2.5 of the draft Service Plan, Lindsay Hall asked how many properties would fall into the new Council Tax Bands (I and J) announced as part of the Scottish budget on 13 January 2026. The Assessor advised that, as the new Bands were not due to be implemented until 1 April 2028, he could not give a definitive answer but would attempt to provide an indication to the Board by September 2026.

In response to a question from John Ross Scott on the number of Freedom of Information requests received, the Assessor advised that requests were infrequent, approximately six per year, and those that had been received were processed within the required timeframe.

The Chair commented that merging plans where possible and therefore reducing the amount of documentation and removing duplication was a positive step in the efficient running of the Board.

On the motion of Gary Robinson, seconded by Dr Stephen Clackson, the Board **resolved**:

12.1. That the current Corporate Plan should not be renewed, with the Service Plan now fulfilling the role of both Plans.

12.2. That the updated Service Plan 2026-2029, attached as Appendix 1 to the report by the Assessor and Electoral Registration Officer, be approved.

13. Risk Management Policy and Strategy

There had been previously circulated a report by the Assessor and Electoral Registration Officer, presenting an updated risk management policy and strategy, for approval.

The Assessor advised that, as the functions of the Board did not change and were driven by statutory requirements, the content of the updated Risk Management Policy and Strategy remained unchanged from the previous policy and strategy covering the period 2023 to 2026. Although there had been some operational changes, those did not represent a deviation from the Board's low appetite for risk.

On the motion of Gary Robinson, seconded by Lindsay Hall, the Board **resolved**:

13.1. To reaffirm the low appetite to risk, given the statutory nature of the duties and functions of the Assessor and Electoral Registration Officer.

13.2. That the Risk Management Policy and Strategy for the period 2026 to 2029, attached as Appendix 1 to the report by the Assessor and Electoral Registration Officer, be approved.

14. Date of Next Meeting

The Clerk advised that the next meeting was scheduled to be held on Tuesday, 23 June 2026 in Shetland.

The Clerk requested that Board members provide details of any training requirements, with the Convener suggesting that members email ideas the Clerk, particularly where any weaknesses or gaps in knowledge were identified.

15. Conclusion of Meeting

At 14:54 the Convener declared the meeting concluded.

Signed: