Orkney and Shetland Valuation Joint Board

Minute

Tuesday, 23 June 2026, 14:30.

Council Chamber, Lower Hillhead, Lerwick.

Present:

Orkney Islands Council:

Dr Stephen Clackson, Lindsay Hall (via Microsoft Teams), James Moar, John Ross Scott and Gillian Skuse.

Shetland Islands Council:

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

Clerk to the Board:

- Gavin Mitchell

In Attendance:

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

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 (via Microsoft Teams).

KPMG:

- Michael Wilkie, Partner (via Microsoft Teams).
- Taimoor Alam, Senior Manager (via Microsoft Teams).

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 Shetland Islands Council's website. The recording would also be publicly available following the meeting and available for listening to for 12 months thereafter.

Apologies for absence had been intimated on behalf of Dr Jean Stevenson, Orkney, with James Moar attending as a substitute. Apologies were also intimated on behalf of Gary Robinson and Arwed Wenger, Shetland, with Moraig Lyall and Andrea Manson attending as substitutes.

Kristopher Leask, Orkney, had resigned from the Board, and Gillian Skuse was attending as a substitute, pending appointments to the Board by Orkney Islands Council at its General Meeting to be held on 30 June 2026.

2. Declaration of Interest

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 10 March 2026.

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 10 March 2026, 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, as the Assessor had issued an email regarding the Shetland accommodation, the outstanding action from the previous meeting could now be removed. Allison Duncan advised that he still had concerns regarding the accommodation and asked that the action remain on the log and the Board be provided with an update. The Assessor advised that, since the last meeting, the Depute Assessor had arranged for a general declutter of the office space and there was now dedicated space on the ground floor at Commercial Street.

Allison Duncan moved that the action should remain on the log. On receiving no seconder, his motion fell. John Ross Scott suggested that the matter could be raised at any time in the future and, when Board members were in Orkney, a visit to the Kirkwall offices should be arranged. The Assessor thanked the staff for the work done at the Commercial Street offices and confirmed that they wished to remain there.

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

5. Draft Annual Accounts

There had been previously circulated a report by the Treasurer to the Board presenting the draft Annual Accounts for scrutiny and approval.

The Treasurer advised of the slight underspend against the requisitions for both constituent authorities, which would be paid back.

The Board resolved that the draft Annual Accounts for financial year 2025/26, incorporating the Annual Governance Statement, attached as Appendix 1 to the report by the Treasurer to the Board, be approved.

6. External Audit Plan

There had been previously circulated a report by the Treasurer to the Board presenting the draft Audit Plan for scrutiny.

Michael Wilkie advised that the draft Audit Plan was largely consistent with previous years' audit plans.

Taimoor Alam drew the Board's attention to page 4 of the draft plan, which set out the materiality levels, which were based on the 2024/25 accounts. Page 5 set out the significant audit risks and KPMG's audit approach, with three significant risks highlighted, although two were assumed risks in all audits, with one rebutted. The wider scope and best value approach were set out on page 11 onwards; mandatory communications listed on page 15; confirmation of independence on page 16 and fee levels set out on page 18. The fee levels were set by Audit Scotland and KPMG would not be seeking to change them.

Dr Stephen Clackson again referred to the restrictions on distribution statement on page 3, highlighting that this was a public meeting and the report had been circulated accordingly. Michael Wilkie confirmed that, should a request be made for a copy of the report, it was made clear the report was prepared for the Committee and for no other purpose.

In response to a query regarding the fraud risk from income recognition and expenditure, Michael Wilkie confirmed that this risk was rebutted and they were not anticipating to incorporate any specific audit work beyond their standard fraud procedures.

The Board noted the indicative Audit Plan, prepared by KPMG, as the appointed auditors to the Orkney and Shetland Valuation Joint Board, for financial year 2025/26, attached as Appendix 1 to the report by the Treasurer to the Board.

7. Internal Audit – Financial Controls

There had been previously circulated a report by the Chief Internal Auditor presenting the audit report arising from a review of financial controls, for scrutiny.

The Chief Internal Auditor advised that strong financial controls prevented misuse, fraud and errors, and protected taxpayers' money. The objective of the audit was to provide assurance that financial controls within the Board were adequate, effective, and operating as intended to safeguard assets, ensure accurate financial reporting, and comply with statutory requirements.

The audit provided Substantial assurance, in that processes and controls relating to financial transactions were well controlled and managed. The internal audit report included one low priority recommendation regarding petty cash reconciliations.

The Board scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to procedures and controls operating in respect of financial transactions, and obtained assurance that action had been taken or agreed where necessary.

8. Internal Audit Annual Report and Opinion

There had been previously circulated a report by the Chief Internal Auditor presenting his annual report and opinion, for scrutiny.

The Chief Internal Auditor advised that the Global Internal Audit Standards for the UK Public Sector required the Chief Internal Auditor 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 2025/26 Internal Audit plan, and provided assurance on the systems examined by Internal Audit during the financial year. In respect of the areas subject to audit review during 2025/26, 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.

Section 7 of the Annual Report set out audit work carried out over the past four years; section 8 provided details on the quality assurance and improvement programme for the internal audit function and section 9 set out progress with audit actions.

Lindsay Hall reflected on the number of low priority action and queried whether this had a bearing on the Substantial assurance provided in the Opinion. The Chief Internal Auditor advised that the three audits undertaken during 2025/26 resulted in four low priority recommendations and, together with overall management of outstanding actions from previous audits, did have a bearing on the overall Opinion.

In response to a query regarding the auditable areas, the Chief Internal Auditor confirmed that “5” related to the number of days allocated to each audit and it was rare that the full five days were required. The Audit Plan was a three-year strategic plan, reviewed annually, with auditable areas agreed with the Clerk, the Treasurer and the Assessor. The plan for 2026/27 was approved at the previous meeting in March 2026.

The Board scrutinised the Internal Audit Annual Report and Opinion 2025/26, attached as Appendix 1 to the report by the Chief Internal Audit, and obtained assurance in respect of the overall opinion, namely that, as a result of the areas subject to audit review, 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.

9. Long Service Award Policy

Liz Peterson declared an interest in this item, in that a close family member, employed by the Orkney and Shetland Valuation Joint Board and based in the Lerwick office, could benefit from the policy, and was not present during discussion thereof.

There had been previously circulated a report by the Assessor and Electoral Registration Officer recommending a change to the indexation in the Long Service Award policy, for consideration.

The Assessor advised that the Board had very few policies of its own, as the policies of the constituent authorities were generally followed. However, in respect of the Long Service Award, which was Board specific, the indexation method outlined did not actually exist and therefore could not be implemented. Accordingly, it was proposed to change the indexation to Consumer Price Index.

In response to a query regarding benchmarking with other Boards, whereby one had no such award and five, who had long service awards, did not index-link the amount, the Assessor confirmed that the Board’s policy contained index-linking; it was the method to be applied that did not exist, however it was open to the Board to change the policy by removing the index-linking.

On the motion of Dr Stephen Clackson, seconded by Stephen Leask, the Board resolved that the indexation in the Long Service Award policy be amended to the Consumer Price Index, with the award amount to be rounded to the nearest £10.

10. 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 2025 to 31 March 2026, for scrutiny.

The Assessor highlighted the improvement in targets relating to the Council Tax list, resulting in amended targets for 2026/27 as set out in section 3.8, noting that performance remained behind the average of other Assessors.

Performance in relation to the Valuation Roll targets had also improved, however it was proposed to retain the existing targets for 2026/27, noting that performance also remained behind the average of other Assessors.

Regarding the non-statutory Valuation Roll target, namely the total Rateable Value reduction on proposal, with a target of <1%, the Assessor had expressed misgivings about this target previously, given that a loss on proposal was often outwith the control of the Board, rather than being a true measure of valuer error. This had been raised during a recent internal audit of performance reporting, where a recommendation was made that a target of <5% might be more appropriate. If this had been the case, this target was met for 2025/26.

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 took assurance.

11. 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 2025 to April 2026, for scrutiny.

The Assessor highlighted the main tasks completed during the reporting period, including the annual canvass, the reapplication process for UK Parliamentary absent votes, and preparation for the Scottish Parliamentary election. Scoping work continued around the introduction of two new high value Council Tax bands from 1 April 2028.

In regard to Non-Domestic Rating activity, all appeals against the 2017 Revaluation had now been settled. All 2023 Revaluation Proposals were disposed of by the statutory disposal date of 30 September 2025. Out of 210 proposals, three converted to formal appeals to the First-Tier Tribunal – two had a hearing date of 10 June 2026, with a date for the third appeal awaited. The fourth self-catering audit had commenced, which required each subject (currently more than 700) being individually audited, which was a time-consuming exercise.

In response to a query regarding human resources, the Assessor confirmed this remained a concern in the Shetland office, particularly during the annual canvass period, whereas extra Council Tax resource within Orkney could be utilised. Training on the new valuation system was generally online, although the company had offered to do in-person training, if that could be arranged.

Although the reporting period did not include the Scottish Parliamentary elections, the Assessor confirmed that everything went smoothly, noting that it tended to be a quieter election than others and changes to absent voters were not in force for that election.

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.

12. Date of Next Meeting

The Clerk advised that the next meeting was scheduled to be held on Monday, 28 September 2026 in Orkney.

However, due to changes to Loganair's timetables, travel arrangements would be extremely difficult, therefore it was proposed to change the meeting to a virtual meeting, rather than in person, and then review the position for the December meeting.

The Board agreed that the meeting on 28 September 2026 should be virtual.

13. Conclusion of Meeting

At 15:35 the Convener declared the meeting concluded.

Signed: