

The Highland & Western Isles

VALUATION JOINT BOARD

**ANNUAL
REPORT
2008/2009**

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INTRODUCTION

This is the second annual report reflecting the activities of the Valuation Joint Board which was appointed following the elections held in May 2007 which it falls to me, as the Convener of the Board, to introduce.

The general aim of the report, as ever, is to summarise the functions, activities and finances of the Board in a manner that is as accessible as possible and to say something of the business that has been undertaken in the year in question and that which appears to lie ahead.

The Board's first report referred to the difficulties that had been experienced at the polls and counts during the 2007 elections and the efforts that were in course to ensure that there was no repetition. I am happy to report that the test arising from the 2009 European Parliament election did not result in the sort of the controversy that arose in 2007. While there has never been any suggestion of difficulty arising from the registers that were provided by the ERO, the new process of applying the revised security arrangements for postal voting had heavy departmental involvement and appears to have worked well. However, turnout at the election was low. It remains that the sterner test of a Westminster General Election must take place before the summer of 2010 when a higher level of polling is to be anticipated.

So far as council tax is concerned, The Scottish Government has deferred implementation of the policy of abolishing the tax and replacing it with a form of local income tax. It appears that the obligation on the Assessor to band properties under the current regime will remain in force for some years to come. It seems likely that legislative change may not now arise before the Scottish Parliamentary election in 2011.

The Assessor has continued to prepare the 2010 rating revaluation against a background of general economic difficulty and uncertainty as to the prospects for commerce and industry. Locally that situation is evidenced by vacant shops and a reduction in development activity. While the outcome of revaluation cannot yet be known, the new valuation roll will come into force in a rather different environment from when the work commenced.

The Board has a duty to ensure that the public funds provided to the department are properly used and accounted for and I am pleased to say that our auditors have been able to approve the accounts without qualification. Against a background of economic stress it will be necessary to keep a careful watch over the departmental budget to ensure that no more than sufficient provision is made for the Assessor & ERO to carry out his statutory duties and that proper regard is had to the need for economy in difficult times.

The Assessor & ERO in his remarks provides additional commentary on the work carried out in the course of the year which will add some detail to my brief summary.

I commend this report to you as a positive conclusion to the work of the past year and an indication of the considerable challenges that lie ahead.

Helen Carmichael
Convener
Highland and Western Isles Valuation Joint Board

COMMENTARY BY THE ASSESSOR & ELECTORAL REGISTRATION OFFICER

Electoral Registration

As the Convener has indicated, the challenge of overcoming the difficulties that arose for Returning Officers in 2007 appears to have been met at the recent European election. With colleague EROs I have worked over the past year to ensure that the arrangements in place nationally to co-ordinate the election through the Interim Elections Management Board had full participation and positive contribution from the registration community. Locally we worked with the Returning Officers and their staff to ensure that the postal voting signature comparison software was thoroughly tested and in the event the new procedure appears to have worked well. There is no reason for supposing that the formal Electoral Commission report that is due in the Autumn will be other than positive. Whatever suggestions for improvement it may contain will be taken into account as the work of preparing for the inevitable Westminster election is carried forward.

The process of annual canvass went well with the lessons learned from the previous year resulting in improved doorstep canvassing. All houses in multiple occupation were visited; the timing of certain visits was re-scheduled to reduce the number of household calls in the darker autumn evenings and the procedures were generally honed.

The Electoral Commission performance regime was formally introduced in the course of the year and the initial return of self assessment of qualitative factors has been made together with the statistical return. Generally, so far as can be inferred, the levels of registration in the area are at the higher end of the spectrum as befits a jurisdiction that does not have the particular problems encountered in the major cities. However there is an element of uncertainty to the position as the traditional method of comparison with estimated population figures is not altogether reliable and the Electoral Commission is engaged in research to establish a better way of judging the completeness of the registers across the UK.

While the past few years have not seen a shortage of legislative change in electoral matters, there is to be no respite. A recent announcement has made it clear that the principle of individual registration has been accepted and that a process of transition towards it, possibly taking around five years, is to be put into effect commencing in 2010. Details are still awaited but it seems that software changes will be required in the run up to the canvass in the autumn of 2010.

Council Tax

The deferral by the Scottish Government of the policy of replacing the council tax with a local income tax continues the uncertainty that surrounds this aspect of the department's business. It is somewhat destabilising for staff and precludes significant initiatives in revising current systems lest any effort and expense be wasted. Fortunately the existing arrangements are sufficient for the maintenance of the current list provided there are no amendments to the established regime.

The department must remain committed to the proper implementation of the current regime while standing ready to engage constructively with the replacement of this aspect of local taxation should that approach be favoured.

Whatever route is chosen it seems that the department will face a period of change in the years ahead.

Valuation for Rating

In the course of the calendar year, rating revaluation appeal clearance was concluded at the Valuation Appeal Committee level with a small number of significant appeals remaining open before the Lands Tribunal for Scotland and the Lands Valuation Appeal Court.

Maintenance of the roll to reflect new and altered properties continued to require significant resource, however the priority of this work was reduced in order to progress the preparations for the 2010 revaluation, where the Scottish Government require early information as to the outcome for financial planning purposes.

Information gathering and analysis of rents continued throughout the year and at the time of writing first pass valuations are well underway across the diverse range of properties. The process of refining valuations and of updating those where building work has altered the physical character of the property will take place on a continuous basis until the new valuation roll comes into effect on 1st April 2010. It is intended to publish a draft roll on the Scottish Assessors' Portal in the late autumn of 2009 to coincide with the Scottish Government's announcement of the rate poundage and relief limits. Valuation Notices will be issued in February 2010 with the bills being issued by the finance authorities thereafter.

Staffing

During this exceptionally busy year members of staff have performed with their usual dedication in demanding circumstances and laid the foundations for what promises to be an equally demanding year ahead.

I should particularly wish to thank those who have reached retirement age and wish them well as they embark on their new stage of life. The departure of extensive experience and local knowledge does pose problems for the organisation but that should not be allowed to diminish our appreciation of their contribution.

Finally, I should also like to thank the Convener and the Board for their support and advices over the course of the year.

Douglas J. Gillespie
Assessor & Electoral Registration Officer

BACKGROUND INFORMATION

THE BOARD

The Highland and Western Isles Valuation Joint Board took operational legal effect on 1 April 1996 when the most recent reorganisation of local government was implemented. Prior to this similar duties were carried out by a Joint Valuation Committee.

The Board has full administrative oversight of the department but does not have operational responsibility for the determination of valuations, bands or electoral registration. These operational matters are for the Assessor and Electoral Registration Officer to decide subject to the independent appeal procedures which exist for each area of activity.

The Board normally meets four times a year with its budget meeting taking place in January.

The Clerk to the Board in 2008/2009: Michelle Morris, Assistant Chief Executive, The Highland Council.

MEMBERS OF THE BOARD ELECTED FOLLOWING THE MAY 2007 ELECTIONS AS AT MARCH 2009

Highland Council

Mrs H. Carmichael – Convener
J. McGillivray
Ms M. Smith
P. Cairns
R. Rowantree
J. Gray
L. Fraser
S. Black

Comhairle nan Eilean Siar

M. MacLeod – Vice-Convener
K Murray

SUBSTITUTES

Dr. A. Sinclair
Mrs J. Urquhart
Miss J. Campbell
A. Graham
N. Donald
J. Finnie
F. Parr
G. R. Green

G MacLeod
D I Nicholson

THE ASSESSOR

The Assessor is a statutory official appointed by the Valuation Joint Board who is directly responsible for carrying out valuations for council tax and rating purposes and related matters. The present Assessor is Mr Douglas J. Gillespie. The law requires that the Assessor be a corporate Member of the Royal Institution of Chartered Surveyors.

THE ELECTORAL REGISTRATION OFFICER (ERO)

The ERO is an official appointed by the Highland Council and Comhairle nan Eilean Siar who is directly responsible for compiling the register of electors and related matters. The present ERO is Mr Douglas J. Gillespie.

THE DEPARTMENT'S FUNCTIONS

RATING

Valuation Roll

Valuations are compiled at rating revaluations, the last one taking effect on 1 April 2005. The valuation roll contains what may loosely be referred to as "non-domestic" properties. It is more technically correct to say that it lists all property other than "dwellings" (which appear in the council tax list) which are not exempt from inclusion in the roll.

Apart from the address of the property, the valuation roll contains details of the proprietor, tenant and occupier of the subject together with its net annual value and rateable value.

The valuation roll may be inspected at the Assessor's Offices and at the National Library and the Scottish Records Office. It is also available on the Scottish Assessors Portal - saa.gov.uk.

Definition of Value

Net annual value is the rent at which the property might reasonably be expected to let on a year to year basis on the assumption that the tenant is responsible for repairs and insurance and any other expenses necessary to maintain the property in a state to command the rent.

The rateable value of the property, in most cases, is the same as the net annual value, however in a few cases the legislature provides for relief to be given by requiring a reduction from net annual value to reach rateable value.

Calculation of the Rates Bill

The rates bill which is actually paid is calculated by multiplying the rateable value which appears in the valuation roll by the relevant rate poundage for the property. The rate poundage is determined annually by the Scottish Government. This basic calculation may require further adjustment to take account of any reliefs which apply to particular properties. The Assessor is responsible for determining the net annual value and rateable value only. The

levying of rates and their recovery is the responsibility of the Revenues Sections of the two constituent Councils.

Changes to Value

The values determined for the purposes of the 2005 Rating Revaluation were based on the physical circumstances as at 1 January 2005 and the levels of value applicable as at 1 April 2003. Once a roll is in force, the Assessor has a duty to maintain the roll to take account of material changes of circumstances affecting value which includes adjustments necessitated by extensions or demolitions or other changes which may affect the value of the property. The level of value remains that relevant to 1 April 2003 for the (normally five year) currency of the roll. The Assessor also has a duty to correct any errors (as defined) which come to light.

Appeals

The Valuation Acts provide for a right of appeal to the Valuation Appeal Panel, with further rights of appeal to the Lands Tribunal for Scotland and the Lands Valuation Appeal Court, which is a division of the Court of Session.

COUNCIL TAX

The Assessor is required to ascribe all dwellings to one of eight value bands. The Assessor is not obliged to carry out an individual valuation if he is satisfied that the property clearly falls into a particular band. The bands are as set out below:

| | Band |
|----------------------------------|-------------|
| Up to £27,000 | A |
| Over £27,000 and up to £35,000 | B |
| Over £35,000 and up to £45,000 | C |
| Over £45,000 and up to £58,000 | D |
| Over £58,000 and up to £80,000 | E |
| Over £80,000 and up to £106,000 | F |
| Over £106,000 and up to £212,000 | G |
| Over £212,000 | H |

Definition of Value

In broad terms, the value of a property for council tax purposes is the price that it might reasonably be expected to sell for in the open market on 1 April 1991 on the assumption that it was in a reasonable state of repair. Certain additional assumptions apply in the case of agriculture, crofting, fish farming and forestry related dwellings.

Calculation of the Bill

The Assessor is responsible only for the determination of which band applies to a property. The amount of the council tax bill to be paid is set by the local authority which determines each year the amount that will be payable for a Band D equivalent property. The related amounts payable by properties in the other bands are set out in statute. The Revenues Section of the local Council also applies in the billing any reliefs which are required in respect of persons living alone, benefit recipients etc.

Changes to Banding

Once they are established there are only limited circumstances in which the Assessor can change the banding of a property. He may do so if there is an error. He may also do so if a property has been reduced in value by virtue of a demolition. He may change the band where the property has increased in value following alteration, sufficient to carry it into a different valuation band, but only if the property has been sold after the alteration was carried out. Notices are sent intimating any change which explain the position in greater detail.

Appeals

There is a right of appeal against council tax banding to the Valuation Appeal Panel and a further right of appeal, on a point of law only, to the Court of Session.

ELECTORAL REGISTRATION

The Electoral Register

The canvass for the electoral register takes place between 1 September and 1 December each year. A new register is published on 1 December.

Anyone entitled but not registered or anyone who has changed address during the course of the year can apply to register at their current address at any time. The date at which they will be added to the register depends on the point in the month at which they apply. Normally it will take between two and six weeks. Special rules apply during the canvass period.

The Right to Vote

A person is entitled to vote as an elector if on the date of the poll he or she –

- is registered in the relevant register of electors for that constituency;
- is not subject to any legal incapacity to vote (age apart);
- is either a Commonwealth citizen or a citizen of the Republic of Ireland;
- or is a European Union citizen (local government and European parliamentary elections only); and
- is of voting age (that is, 18 years or over).

A person is not entitled to vote as an elector –

- more than once in the same constituency at any election; or
- in more than one constituency.

Persons under the Age of 18

While no-one can vote until they are eighteen, names can be added to the register showing their date of birth up to a maximum of two years before they achieve voting age, depending on the time of application.

Absent Votes

Electors have a right to vote by post which can be exercised by completing the relevant form which includes provision of a specimen signature and date of birth in order that security checks can be carried out at election times. No reason need be given nor is it necessary to wait until an election is called to make an application.

Voters may also arrange to vote by proxy whereby another person is authorised to vote on their behalf. Proxy votes are available to electors who cannot reasonably be expected to vote at the polling station allotted to them because of

- the nature of their employment
- their attendance on a course of education
- their physical incapacity
- the necessity of a journey by air or sea to get to the polling station.

Appeals

An elector's first line of appeal against a determination is at a hearing held by the ERO. If the appellant remains dissatisfied, there is a right of appeal to the Sheriff. Further appeal rights exist to the Registration Court, a Division of the Court of Session.

PERFORMANCE REPORT

The overall aim of the Department is:

“To discharge fully the Office of Assessor and Electoral Registration Officer in a manner that is exemplary”

This broad aim requires to be rendered more specific and to this end The Scottish Executive, in consultation with the Accounts Commission, established the following key performance indicators for use by Assessors in connection with the ‘best value’ regime.

KEY PERFORMANCE INDICATORS – 2008/2009

| | 2008/2009 | 2007/2008 | 2006/2007 |
|---|------------------|------------------|------------------|
| VALUATION ROLL | | | |
| Total number of entries | 18,652 | 18,425 | 18,465 |
| Total Rateable Value | £243.6m | £241.8m | £237.8m |
| No of Amendments Effected | 1694 | 1674 | 1,719 |
| Amendments within time periods (%) | | | |
| 0-3 months | 42 | 49 | 46 |
| 3-6 months | 25 | 22 | 26 |
| Over 6 months | 33 | 29 | 28 |
| Adjustment from Appeal Settlement (%) | n/a | n/a | n/a |
| <u>COUNCIL TAX</u> | | | |
| Total No of Entries | 127,268 | 125,904 | 124,143 |
| Adjustment to Band D Equivalent | 119,501 | 117,915 | 115,967 |
| New Entries Added | 1996 | 2,490 | 2,292 |
| New entries within time periods (%) | | | |
| 0-3 months | 74 | 79 | 80 |
| 3-6 months | 19 | 16 | 15 |
| Over 6 months | 6 | 5 | 5 |
| <u>GENERAL</u> | | | |
| Costs of All Permanent Staff | £1.70m | £1.65m | £1.60m |
| Number of FTE staff as at 1 April each year | 54.0 | 55.0 | 55.0 |

COMMENTARY ON PERFORMANCE REPORT

The foregoing statistics require some explanation and interpretation.

Valuation Roll

There was a deterioration in the time taken to effect changes which was a direct result of the need to divert resources to revaluation preparation which also overlapped with appeal clearance work. The position continues into 2009/10 but should be recovered thereafter.

Council Tax

Despite a reduction in volumes, time related performance suffered due to the necessity to devote finite resource to rating revaluation work. While this did not give rise to any rise to any complaint it is clearly desirable to recover the position as soon as the pressure of revaluation business permits.

Electoral Registration

The Electoral Commission performance regime came into effect during the course of the year. The initial self assessment has been submitted to the Commission and their response is awaited. It is understood that this is likely to involve a visit by the Commission's staff in due course. The apparently successful outcome of the European poll has been covered elsewhere.

General

The number of full-time equivalent staff reduced in the course of the year and is at its lowest for a quarter of a century. Staff costs constitute around 70% of the department's budget.

Across the course of the year, the performance of the department is viewed as satisfactory. The absence of any organisational slack made it inevitable that as the revaluation work came to the fore other areas of business had to be given a reduced priority. This cyclical workload is structural in character and beyond the department's control. In due course greater priority will be restored to maintenance work and the time related performance will be brought to a more acceptable level.

Douglas J Gillespie
Assessor & Electoral Registration Officer

**HIGHLAND AND WESTERN ISLES
VALUATION JOINT BOARD**

STATEMENT OF ACCOUNTS

2008/09

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD
Statement of Accounts for the year ended 31 March 2009

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HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

Statement of Accounts for the year ended 31 March 2009

EXPLANATORY FOREWORD

The accounts of the Board for the year ended 31 March 2009 provide an assessment of the financial performance of the Board. The accounts have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the SORP 2008). The accounts so far as is practicable also comply with the requirements of the Best Value Accounting Code of Practice (BVACOP) issued by CIPFA.

The accounts, which follow, comprise:

- Statement of Accounting Policies which explains the policies adopted in compiling the accounts;
- Income and Expenditure Account which reports the net cost of the service by activity and the funding from each constituent authority;
- Statement of Movement on the General Fund Balance analysing the movement on the General Fund showing the net surplus or deficit on the Income and Expenditure Account and the net additional amount required to be debited or credited to the General Fund;
- Statement of Total Recognised Gains and Losses which amalgamates the gains and losses recognised during the year from the operating performance of the Board with those arising from changes in valuations of assets and liabilities such as actuarial gains or losses arising on the pension fund;
- Balance Sheet which details the assets and liabilities of the Board as at 31 March 2009 and how these are financed;
- Cash Flow Statement which summarises the inflows and outflows of cash;
- Statement of Responsibilities for the Statement of Accounts which explains the respective responsibilities of the Board and the Treasurer; and
- Statement on the System of Internal Financial Control which sets out the framework within which financial control is managed and reviewed, and the main components of the system, including the arrangements for internal audit.

In addition, the Report by the Treasurer to the Board provides a brief explanation of the financial aspects of the Board's activities and draws attention to the main features of the Board's financing.

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD
Statement of Accounts for the year ended 31 March 2009

REPORT BY THE TREASURER TO THE BOARD

Introduction

The Highland and Western Isles Valuation Joint Board administers the Rating Valuation, Council Tax Valuation and Electoral Registration services on behalf of The Highland Council and Comhairle Nan Eilean Siar.

Operational control of the service is the responsibility of the Assessor who receives administrative, financial and computing support from The Highland Council.

Revenue Budget Performance

The Board's financial results for the year, compared against budget are as shown below. This presentation differs slightly from that shown in the Income and Expenditure Statement which discloses corporate and democratic core costs and non-distributed costs as required by BVACOP.

**Budget Performance Statement
for the year ended 31 March 2009**

| 2007/08 | | 2008/09 | |
|---------------------|------------------------------|---------------------|---------------------|
| Actual | | Budget | Actual |
| £000 | | £000 | £000 |
| 1,766 | Staff costs | 1,859 | 1,841 |
| 212 | Property costs | 206 | 194 |
| 141 | Administration expenses | 182 | 154 |
| 6 | Transport and plant costs | 2 | 6 |
| 401 | Supplies and services | 385 | 414 |
| <u>2,526</u> | Gross expenditure | <u>2,634</u> | <u>2,609</u> |
| (5) | Sales of register etc | (5) | (6) |
| (10) | Interest on revenue balances | (10) | (7) |
| <u>(15)</u> | Gross income | <u>(15)</u> | <u>(13)</u> |
| <u><u>2,511</u></u> | Net expenditure | <u><u>2,619</u></u> | <u><u>2,596</u></u> |

The net budgeted expenditure of the Board in 2008/09 was £2.619m (2007/08 £2.622m). The actual expenditure to be met by the constituent authorities is £2.596m (2007/08 £2.511m). There was an underspend of £0.023m (2007/08 £0.111m underspend) which can be broken down as follows:

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

Statement of Accounts for the year ended 31 March 2009

Over/(under) spend

| 2007/08 | | 2008/09 |
|--------------|-------------------------|-------------|
| £000 | | £000 |
| (29) | Staff costs | (18) |
| (30) | Property costs | (12) |
| (9) | Administration expenses | (28) |
| 4 | Transport costs | 4 |
| (57) | Supplies and Services | 29 |
| 10 | Income | 2 |
| <u>(111)</u> | Net underspend | <u>(23)</u> |

The net expenditure of the Board is allocated between the constituent authorities on the basis of population. For 2008/09 the net expenditure has been allocated as follows:

| 2007/08 | | Constituent Authority | 2008/09 | |
|--------------|---------------|---------------------------|--------------|---------------|
| £000 | % share | | £000 | % share |
| 2,237 | 89.1 | The Highland Council | 2,316 | 89.2 |
| 274 | 10.9 | Comhairle Nan Eilean Siar | 280 | 10.8 |
| <u>2,511</u> | <u>100.00</u> | Total | <u>2,596</u> | <u>100.00</u> |

Statement of Requisitions 2008/09

| Constituent Authority | Population No. | Budget requisition £000 | Actual requisition £000 | Balance due to constituent authority £000 |
|---------------------------|-------------------|-------------------------------|-------------------------------|---|
| Highland Council | 217,440 | 2,333 | 2,316 | 17 |
| Comhairle Nan Eilean Siar | 26,300 | 286 | 280 | 6 |
| Total | 243,740 | 2,619 | 2,596 | 23 |

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

Statement of Accounts for the year ended 31 March 2009

Financial Reporting Standard 17 (FRS 17) "Retirement Benefits"

In accordance with CIPFA/LASAAC guidance, FRS 17 has been fully adopted in preparing the accounts of the Board. The standard prescribes how employing organisations are to account for pension benefits earned by employees in the year and the associated pension assets and liabilities.

Employees are eligible to join the Local Government Pension Scheme (LGPS), administered by the Highland Council. Note 7 to the Core Statements details the income and expenditure charged to the income and expenditure account under FRS 17 in respect of the Local Government Scheme, based upon estimates provided by the Actuary to the Scheme.

The Balance Sheet on Page 10 shows that the Board has a net pension liability of £2.104m as at 31 March 2009 (31 March 2008 £1.888m) due to the accrual of pension liabilities in accordance with FRS 17.

A going concern basis of accounting has been adopted in the preparation of the financial statements as future actuarial valuations of the pension scheme will consider the appropriate employer's rate to meet the commitments of the Scheme. The constituent authorities of the Board are required to fund the liabilities of the Board as they fall due.

Change in Accounting Policy

In order to comply with SORP 2008 the basis used for valuing the pension fund assets is now "bid price " rather than the previously used "mid-market price". More details are given in the Statement of Accounting Policies, note 2.

Acknowledgement

I conclude my report by thanking the staff of my service for their support during the year and my colleagues in other services and the Highland and Western Isles Valuation Joint Board for their continued co-operation.



A Geddes CPFA
Treasurer
30 September 2009

STATEMENT OF ACCOUNTING POLICIES

1. General

The accounts have been prepared on an historic cost basis and as far as practicable, in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom: Statement of Recommended Practice (The SORP). The accounts disclose the corporate and democratic core costs and non distributed costs, as required by the Best Value Accounting Code of Practice (BVACOP).

2. Changes in Accounting Policies

Valuation of Pension Fund Assets

SORP 2008 requires that in implementing Financial Reporting Standard 17 "Retirement Benefits" (FRS 17) the valuation basis for the Valuation Board's share of the pension fund assets held in securities should be changed from "mid-market price" to "bid price". The effect of this has been to change the opening value of the pension fund liability and the pension fund reserve in 2008/09 from £1.793m to £1.888m, an increase of £0.095m. A prior period adjustment has been made to restate the balance sheet as at 31 March 2008 to reflect this. No adjustment to the Income and Expenditure Account figures for 2007/08 has been made on the grounds of immateriality.

Income & Expenditure Account

For the year 2008/09 the Income and expenditure account on page 9 has been revised to reflect an analysis of the activities of the Valuation Joint Board. In previous years the analysis had been by subjective. The comparative figures for 2007/08 have been restated.

3. Revenue Transactions

All revenue transactions have been recorded on an accruals basis. This includes employee costs, which are charged to the period in which employees worked and supplies and services, which are accounted for in the period in which they are consumed or received.

4. Leases

Rental repayments under operating leases have been charged to revenue on a straight-line basis over the term of the lease. The Board does not have any finance leases.

5. Overheads

The costs of the directly employed administrative and professional staff are included in the appropriate headings above net cost of services in the Income and Expenditure Account. The charges made in relation to support services provided by the Highland Council are based on actual work undertaken and are included in the appropriate headings above net cost of services in the Income and Expenditure Account.

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

Statement of Accounts for the year ended 31 March 2009

6. Debtors and Creditors

Debtors include all material amounts due to the Board at 31 March 2009. Creditors include all material sums due by the Board at 31 March 2009 including salaries and wages earned but unpaid at that date and requisition balances due to the constituent authorities.

7. Highland Council Loans Fund

The Highland Council Loans Fund provides all the day to day banking requirements of the Board.

8. Pensions

In accordance with the SORP, Financial Reporting Standard 17 (FRS 17) has been fully implemented in preparing the statement of accounts. FRS 17 requires that the financial statements reflect at fair value the assets and liabilities underlying the employer's obligations relating to retirement benefits and that the true cost of these obligations is recognised.

The Board participates in the Local Government Pension Scheme (LGPS) administered by the Highland Council.

The Actuary to the Highland Council Pension Scheme was commissioned by the Valuation Joint Board to undertake an assessment of the cost, income, assets and liabilities of the Fund attributable to the Board as at 31 March 2009. The Actuary's assessment of the true cost of retirement benefits earned by employees during the year has been charged in the Income and Expenditure account and the pension assets and liabilities attributable to the Board are reflected within the balance sheet. The movements in the pension liabilities during the year are reflected in the Pensions Reserve.

As discussed in note 2 above, the method in valuing the pension assets held in securities has changed from mid-market price to bid price.

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD
Statement of Accounts for the year ended 31 March 2009

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2009

| 2007/08 Net expenditure restated £000 | | Gross expenditure £000 | 2008/09 Gross income £000 | Net expenditure £000 |
|---|---|------------------------------|------------------------------------|----------------------------|
| | Direct Cost of Service Provision | | | |
| 885 | Council Tax Valuation | 881 | (2) | 879 |
| 762 | Electoral Registration | 758 | (2) | 756 |
| 726 | Rating Valuation | 722 | (2) | 720 |
| 180 | Corporate and democratic core | 215 | - | 215 |
| - | Non-distributed costs | - | - | - |
| 2,553 | Net Cost of Services | 2,576 | (6) | 2,570 |
| (10) | Interest on revenue balances | | | (7) |
| (71) | Pension interest costs and expected return on pensions | | | 5 |
| 2,472 | Net Operating Expenditure | | | 2,568 |
| (2,511) | Requisitions | | | (2,596) |
| (39) | Surplus for the Year | | | (28) |

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

For the year ended 31 March 2009

| 2007/08 £000 | | Note | 2008/09 £000 |
|-----------------|---|------|-----------------|
| (39) | Surplus for the year on the Income and Expenditure account | | (28) |
| 39 | Net additional amount required by statute and non-statutory proper practices to be debited/(credited) to the General Fund Balance for the year | 10 | 28 |
| - | Increase in General Fund | | - |
| - | General Fund balance brought forward | | - |
| - | General Fund balance carried forward | | - |

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

Statement of Accounts for the year ended 31 March 2009

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 March 2009

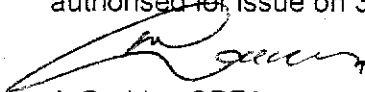
| 2007/08 £000 | | 2008/09 £000 |
|-----------------|---|-----------------|
| 39 | Surplus for year | 28 |
| (70) | Actuarial losses on pension fund assets and liabilities | (244) |
| (31) | Total recognised losses for the year | (216) |
| (95) | Prior period adjustments | - |
| <u>(126)</u> | | <u>(216)</u> |

BALANCE SHEET

As at 31 March 2009

| 31/03/08 £000 Restated | | Note | 31/03/09 £000 | £000 |
|------------------------------|--|------|------------------|---------|
| | Current Assets | | | |
| 10 | Sundry debtors | | 3 | |
| 188 | Temporary advance with Loans Fund | 14 | 98 | |
| 198 | Total Assets | | | 101 |
| | Current Liabilities | | | |
| (87) | Sundry creditors: General | | (78) | |
| (111) | Constituent Authorities | | (23) | |
| (198) | | | | (101) |
| - | Total Assets less Current Liabilities | | | - |
| (11,266) | Pensions liability | 7 | (9,020) | |
| 9,378 | Pensions asset | 7 | 6,916 | |
| (1,888) | Total Assets less Liabilities | | | (2,104) |
| | Financed by: | | | |
| (1,888) | Pensions reserve | 7 | (2,104) | |
| (1,888) | Total Net Worth | | | (2,104) |

The unaudited accounts were issued on 25 May 2009 and the audited accounts were authorised for issue on 30 September 2009.


A Geddes CPFA
Treasurer
30 September 2009

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD
Statement of Accounts for the year ended 31 March 2009

CASH FLOW STATEMENT

For the year ended 31 March 2009

| 2007/08 £000 | | 2008/09 £000 £000 | |
|-----------------|--|---------------------------|----------------|
| | Revenue Activities | | |
| | Cash outflows | | |
| (1,770) | Cash paid to and on behalf of employees | (1,828) | |
| (723) | Other operating cash payments | (784) | |
| <u>(2,493)</u> | | | <u>(2,612)</u> |
| | Cash inflows | | |
| 5 | Cash received for goods and services | 6 | |
| 2,567 | Other operating cash receipts | 2,509 | 2,515 |
| <u>2,573</u> | | | <u>2,515</u> |
| <u>80</u> | Net Cash Inflow/(Outflow) from Revenue Activities | | <u>(97)</u> |
| | Servicing of finance | | |
| | Cash inflows | | |
| <u>10</u> | Interest received | | <u>7</u> |
| 10 | Net cash inflow from servicing of finance | | 7 |
| <u>90</u> | Net Increase/(Decrease) in Cash | | <u>(90)</u> |

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD
Statement of Accounts for the year ended 31 March 2009

NOTES TO THE CORE STATEMENTS

1. Analysis of Employees Earning over £50,000

| 2007/08 Number | Salary Band | 2008/09 Number |
|-------------------|-------------------|-------------------|
| 2 | £50,000 - £59,999 | - |
| 1 | £60,000 - £69,999 | 1 |
| - | £70,000 - £79,999 | - |
| 1 | £80,000 - £89,999 | 1 |

2. Members Allowances

The Board consists of 10 members comprising 8 from Highland Council and 2 from Comhairle Nan Eilean Siar.

The cost of member's remuneration in 2008/09 was £6,733 (2007/08: £6,210). During the year the Board paid a total of £2,413 (2007/08 £2,547) to members for travel and subsistence.

3. Publicity

Section 5 of the Local Government Act 1986 requires the Board to disclose an analysis of expenditure on publicity. The expenditure was as follows:

| 2007/08 £ | | 2008/09 £ |
|--------------|-------------------------|--------------|
| 4,660 | Recruitment advertising | 3,868 |
| 499 | General advertising | 1,395 |
| <u>5,159</u> | Total | <u>5,263</u> |

4. Leases

Rental payments made in respect of operating leases in the year were as follows:

| 2007/08 £ | | 2008/09 £ |
|----------------|-----------------|---------------|
| <u>102,268</u> | Property leases | <u>96,440</u> |

At 31 March 2009 the Board was committed to making payments of £99,081 under operating leases in 2009/10 as follows:

| Land and Buildings | £ |
|--|---------------|
| Leases expiring before 31 March 2010 | - |
| Leases expiring between 1 April 2010 and 31 March 2014 | 55,581 |
| Leases expiring after 1 April 2014 | 43,500 |
| | <u>99,081</u> |

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

Statement of Accounts for the year ended 31 March 2009

5. Corporate and Democratic Core

The BVACOP defines Corporate and Democratic Core costs as follows, and states that these costs should be excluded from the accounts of individual services:

- The Corporate and Democratic Core comprises two divisions of service: Democratic Representation and Management (DRM) and Corporate Management (CM);
- DRM concerns corporate policy making and all other member based activities. CM concerns those activities that relate to the general running of the service.

The costs shown as Corporate and Democratic Core in the Income and Expenditure Account are as follows;

| 2007/08 | | 2008/09 |
|------------|--|------------|
| £000 | | £000 |
| 71 | Democratic Representation and Management Costs | 103 |
| 109 | Corporate Management Costs | 112 |
| <u>180</u> | | <u>215</u> |

6. Non Distributed Costs

The BVACOP defines Non Distributable Costs as follows, and states that these costs should be excluded from the accounts of individual services.

- The whole amount of any past service contribution to meet a pension deficit, however arising;
- The whole amount of any reduction in contribution to apply a pension fund surplus;
- Charges (however calculated) for added years and early retirement;
- The costs associated with unused shares of IT facilities;
- The costs of shares of other long-term unused but unrealised assets.

There were no non distributed costs in 2008/09 or in 2007/08.

7. Pension Costs

Financial Reporting Standard 17 "Retirement Benefits" (FRS 17) prescribes how pension costs and liabilities are to be disclosed in the financial statements. The standard requires employing organisations to account for retirement benefits in the period in which they commit to paying them, even if the actual payment of these benefits will be many years in the future.

Employees of the Board are admitted to the Highland Council Pension Fund, which is a defined benefit final salary scheme. Under pension regulations, employers' contributions are set to meet 100% of the overall liabilities of the Fund. The contributions paid by the Board into the Highland Council Pension Fund in 2008/09 represent 17.4% of total pensionable pay (2008 16.8%). Total estimated contributions of £229,000 are expected to be paid into the scheme in the financial year ending 31 March 2010.

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

Statement of Accounts for the year ended 31 March 2009

Principal Actuarial Assumptions at 31 March 2009:

- a. The discount rate used is the yield on the Merrill Lynch Non Gilt Sterling AA over 15 year Corporate Bond Index with an adjustment of -0.2% to reflect the duration of the liabilities relative to the duration of the index.
- b. The expected return on assets is based on the long term future expected investment return for each asset class as at April 2008. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is assumed to be a margin above gilt yields.
- c. The following expected returns have been adopted:

| Asset Class | Expected Return at 1 April 2009 | Expected Return at 1 April 2008 |
|--------------------|--|--|
| | % | % |
| Equities | 7.4 | 7.7 |
| Gilts | 4.0 | 4.3 |
| Bonds | 6.5 | 6.6 |
| Property | 5.4 | 5.7 |
| Cash | 3.0 | 5.0 |

- d. The financial assumptions used for FRS 17 calculations are as follows:

| Assumptions as at: | 31 March 2009 | 31 March 2008 | 31 March 2007 |
|-------------------------------|--------------------------|--------------------------|--------------------------|
| | % | % | % |
| Price Increases | 3.0 | 3.7 | 3.2 |
| Salary Increases | 4.5 | 5.2 | 4.7 |
| Pension Increases | 3.0 | 3.7 | 3.2 |
| Discount Rate | 6.7 | 6.6 | 5.4 |

- e. The assumed life expectations from age 65 are:

| | Retiring today | Retiring in 20 years |
|---------|---------------------------|---------------------------------|
| Males | 18.87 | 19.88 |
| Females | 21.91 | 22.98 |

- f. The post retirement mortality tables adopted were the PA92 series projected to calendar year 2008 for current pensioners and 2018 for non-pensioners with the future improvement in mortality set at a minimum of 1% per annum.
- g. It has been assumed that 50% of retiring members will opt to increase their lump sums to the maximum allowed.

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

Statement of Accounts for the year ended 31 March 2009

Present Value of Scheme Liabilities: Reconciliation for the year to 31 March 2009

| 31/03/08 | | 31/03/09 |
|---------------|---|---------------|
| £000 | | £000 |
| 11,795 | Opening Value | 11,266 |
| 255 | Current Service Cost | 205 |
| 637 | Interest Cost | 658 |
| (1,180) | Actuarial loss/(gain) | (2,708) |
| (305) | Estimated benefits paid (net of transfers in) | (466) |
| 76 | Contributions by scheme participants | 79 |
| (12) | Unfunded pension payments | (14) |
| - | - Past Service Cost | - |
| - | - Curtailments | - |
| - | - Settlements | - |
| <u>11,266</u> | Closing Value | <u>9,020</u> |

Fair Value of Scheme Assets: Reconciliation for the year to 31 March 2009

| 31/03/08 | | 31/03/09 |
|--------------|---|--------------|
| £000 | | £000 |
| 9,933 | Opening Value | 9,378 |
| 714 | Expected return on Scheme assets | 653 |
| (1,249) | Actuarial Gains (losses) | (2,952) |
| 224 | Contributions by employer | 238 |
| 76 | Contributions by Scheme participants | 79 |
| (320) | Estimated benefits paid (net of transfers in) | (480) |
| - | Settlements | - |
| <u>9,378</u> | Closing Value | <u>6,916</u> |

History of Pension Reserve

| | Year to 31/03/09 | Year to 31/03/08 | Year to 31/03/07 | Year to 31/03/06 | Year to 31/03/05 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Present value of liabilities | (9,020) | (11,266) | (11,795) | (11,775) | (10,114) |
| Fair Value of assets | 6,916 | 9,378 | 9,933 | 9,152 | 7,915 |
| Surplus/ (Deficit) | <u>(2,104)</u> | <u>(1,888)</u> | <u>(1,862)</u> | <u>(2,623)</u> | <u>(2,199)</u> |

Assets prior to 31 March 2009 are shown at estimated bid price. The actual return on scheme assets was (£2.064m) (2008 £0.535m).

History of Experience Adjustments

| | Year to 31/03/09 | Year to 31/03/08 | Year to 31/03/07 | Year to 31/03/06 | Year to 31/03/05 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | % | % | % | % | % |
| % Experience adjustments on scheme liabilities of total liabilities | -13.3 | - | - | 3.7 | 0.1 |
| % Experience adjustments on scheme assets of total assets | -42.7 | -13.3 | 1.6 | 14.4 | 5.6 |

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

Statement of Accounts for the year ended 31 March 2009

The following table analyses the pension scheme entries included in the Statement of Recognised Gains and Losses:

| 2007/08 | | 2008/09 |
|----------------|--|----------------|
| £000 | | £000 |
| 1,180 | Actuarial gains on pension liabilities | 2,708 |
| <u>(1,250)</u> | Actuarial losses on pension assets | <u>(2,952)</u> |
| <u>(70)</u> | Total recognised gains/(losses) for the year | <u>(244)</u> |

Estimated Asset Allocation

| 2007/08 | | 2008/09 |
|------------|-------------|------------|
| % | | % |
| 69.5 | Equities | 73.8 |
| 9.0 | Gilts | 5.3 |
| 8.2 | Other Bonds | 7.4 |
| 11.5 | Property | 10.9 |
| 1.8 | Cash | 2.6 |
| <u>100</u> | Total | <u>100</u> |

The Income and Expenditure Account recognises the true economic cost of retirement benefits earned by employees in 2008/09 irrespective of when benefits are due to be paid. The following table summarises the entries reflected within the Income and Expenditure Account in respect of accounting for pension costs under FRS 17.

| 2007/08 | | | 2008/09 | |
|--------------|--------------|--|--------------|--------------|
| £000 | £000 | | £000 | £000 |
| | 223 | Employer pension contributions | | 238 |
| | | Less FRS17 charges | | |
| 255 | | Current service cost | 205 | |
| - | | Past service cost | | |
| 637 | | Interest costs | 658 | |
| <u>(708)</u> | | Expected return on assets | <u>(653)</u> | |
| | <u>(184)</u> | | | <u>(210)</u> |
| | <u>39</u> | Contribution (from)/to pension reserve | | <u>28</u> |

8. Related Party Transactions

The Board is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Board or to be controlled or influenced by the Board. Disclosure of these transactions allows readers to assess the extent to which the Board might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Board.

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

Statement of Accounts for the year ended 31 March 2009

Highland Council

The Highland Council provided £2.316m representing 89.2% of the funding for the Board and holds 8 of the 10 seats on the Board. In addition The Highland Council provides administrative, financial and computing services to the Board.

Comhairle Nan Eilean Siar

The Comhairle Nan Eilean Siar provided £0.280m representing 10.8% of the funding for the Board and holds 2 of the 10 seats on the Board.

9. Audit Fees

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with the Code of Audit Practice in 2008/09 amounted to £8,340 (2007/08 £8,130).

No other fees were payable in respect of any other services provided by the appointed auditor in 2008/09 or 2007/08.

10. Reconciling Items for the Statement of Movement 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 | |
| 39 | Net charges made for retirement benefits in accordance with FRS 17 | 28 |
| <u>39</u> | Net additional amount required to be debited/(credited) to the General Fund balance for the year | <u>28</u> |

11. Contingent Liability

A contingent liability is a possible obligation which may require a payment or a transfer of economic benefits.

The Board is required to implement a single status and equal pay scheme in respect of the employment conditions for staff. A report will be brought to the Board detailing how this process will be carried out and implemented.

It is not possible to assess the cost impact of these possible changes, or the timing of any outcome. Therefore no provision for these outcomes has been made in the year and disclosure is by way of contingent liability.

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

Statement of Accounts for the year ended 31 March 2009

12. Financial Reporting and the Euro

- There are no commitments as at 31 March 2009 in respect of costs to be incurred;
- The Board uses a Financial Information System which is euro compliant. The cost of being euro compliant is included within the overall cost of the service and it is therefore not possible to separately identify this cost. No further expenditure is anticipated;
- No expenditure regarded as exceptional in accordance with FRS 3 was incurred in the year.

13. Reconciliation of Net Cash Outflow from Revenue Activities

| 2007/08 £000 | | 2008/09 £000 | £000 |
|-----------------|--|-----------------|-------------|
| (39) | Surplus/deficit on Income and Expenditure account | | (28) |
| | Non cash items | | |
| 39 | Pension costs included under FRS 17 | 28 | |
| (10) | Interest on revenue balances | (7) | |
| <u>29</u> | | | <u>21</u> |
| | Items on an accruals basis | | |
| 4 | Decrease/(increase) in debtors | 7 | |
| 86 | Increase/(decrease) in creditors | (97) | |
| <u>90</u> | | | <u>(90)</u> |
| <u>80</u> | Net cash inflow/(outflow) from revenue activities | | <u>(97)</u> |

14. Reconciliation of Movement in Cash to the Movement in Net Debt

| 2007/08 £000 | | 2008/09 £000 |
|-----------------|---|-----------------|
| 98 | Temporary advance to Loans Fund As at 1 April 2008 | 188 |
| <u>90</u> | Net increase/(decrease) in cash | <u>(90)</u> |
| <u>188</u> | As at 31 March 2009 | <u>98</u> |

15. Post Balance Sheet Events

Events after the date of the Balance Sheet (31 March 2009) up to the date of signing have been considered in the preparation of the 2008/09 Statement of Accounts.

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

Statement of Accounts for the year ended 31 March 2009

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Responsibilities of the Board

The Board is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In the Highland and Western Isles Valuation Joint Board that officer is the Treasurer to the Board;
- To manage its affairs, to secure economic, efficient and effective use of resources and safeguard its assets.

Responsibilities of the Treasurer

The Treasurer is responsible for the preparation of the Board's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the SORP).

In preparing this statement of accounts, the Treasurer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority SORP.

The Treasurer has also:-

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I, Alan Geddes, Treasurer to the Board, state that the Statement of Accounts for the year ended 31 March 2009 give a true and fair view of the financial position of the Board at that date and its income and expenditure for the year then ended.



A Geddes CPFA
Treasurer
30 September 2009

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD
Statement of Accounts for the year ended 31 March 2009

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the statement of accounts for the Highland and Western Isles Valuation Joint Board for the year ended 31 March 2009. 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 Highland Council. In particular, the system includes:

- Comprehensive 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.

The Treasurer to the Board has overall responsibility for Internal Audit in Highland and Western Isles Valuation Joint Board. The Highland Council's Head of Audit and Risk Management is responsible for the day to day management of the service and reports to the Treasurer on management and performance issues. In accordance with the principles of Corporate Governance, regular reports are made to the Board. The Internal Audit Service operates in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom and therefore the Head of Audit and Risk Management prepares an Annual Report containing a view on the adequacy and effectiveness of the system of internal control.

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

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

As part of the work of the Internal Audit Section, a number of key financial systems are subject to annual review. No material concerns were noted from the work undertaken during 2008/09 and therefore the Board can place reliance upon the effectiveness of the Board's financial systems.

HIGHLAND AND WESTERN ISLES VALUATION JOINT BOARD

Statement of Accounts for the year ended 31 March 2009

In financial year 2008/09 an audit was undertaken in the Highland Council to ensure the accuracy and completeness of the Council tax property database; an area of work which involves close working with the Assessors Service. This audit did not identify any weaknesses regarding the Assessors role in the process.

A further audit was carried out in 2008/09, to review the valuation roll, council tax and appeals system. The final report was issued on 31/07/08 and concluded that the Valuation Roll and Council Tax Valuation Lists were complete, and that there is adequate control over the valuation of properties. Changes to the roll and list are properly authorised and there is a good system in place to notify Highland Council of any changes. There were no recommendations arising from this audit review. Consequently, there was no requirement for action tracking (follow up of agreed management actions to ensure that they have been satisfactorily implemented).

A high level review of the adequacy and effectiveness of the Assessor's system of internal control was also undertaken. Some recommendations have been made with regard to the need to regularly review and update policies and procedures. However, no serious concerns were identified from this review and it can be concluded that the internal controls are both adequate and effective.



A Geddes CPFA
Treasurer
30 September 2009

Independent auditor's report to the members of Highland and Western Isles Valuation Joint Board and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Highland and Western Isles Valuation Joint Board for the year ended 31 March 2009 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash-Flow Statement, and the related notes and the Statement of Accounting Policies. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the parties to whom it is addressed in accordance with the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Responsible Financial Officer and auditor

The Responsible Financial Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 - A Statement of Recommended Practice (the 2008 SORP) are set out in the Statement of Responsibilities for the financial statements.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission.

I report my opinion as to whether the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2008 SORP, of the financial position of the Joint Board and its income and expenditure for the year, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

I also report to you if, in my opinion, the local government body has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the Statement on the System of Internal Financial Control reflects compliance with the SORP, and I report if, in my opinion, it does not. I am not required to consider whether this statement covers all risk and controls, or form an opinion on the effectiveness of the Joint Board's corporate governance procedures or its risk and control procedures.

I read the other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Accounts Commission. My audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Responsible Financial Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Joint Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I

considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements

- give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2008 SORP, of the financial position of Highland and Western Isles Valuation Joint Board as at 31 March 2009 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

Mary Bowman

Mary Bowman CPFA
Senior Audit Manager

Audit Scotland
Osborne House
1/5 Osborne Terrace
Edinburgh
EH 12 5HG

30 September 2009