

# AYRSHIRE VALUATION JOINT BOARD

Minutes of the meeting held on Tuesday 8 January 2019 at 10.30 a.m. within Council Chamber, East Ayrshire Council, Kilmarnock

## Item 1 - Sederunt

### Present:

East Ayrshire Councillors: John McFadzean (Chair), Maureen McKay and Jim McMahon.

North Ayrshire Councillors: John Easdale, Donald Reid and Donald L Reid.

In Attendance: Helen McPhee, Assessor and Electoral Registration Officer (ERO); John McConville, Head of Valuation Services and Assistant ERO; Tom Simpson, Service Lead, Corporate Accounting, South Ayrshire Council; Wynne Carlaw, Service Lead, Democratic Governance (Clerk), South Ayrshire Council; Amanda Laing, Finance, East Ayrshire Council; and Alison Nelson, Co-ordinator, Democratic Support SAC.

Apologies: Councillors Gordon Jenkins and Elena Whitham EAC. Councillors Margaret George, John Glover and Jean McClung NAC; and Councillors Siobhian Brown, Andy Campbell, Iain Campbell, Martin Dowey and William Grant SAC.

## Item 1 – Sederunt

As detailed above.

## Item 2- Declarations of Interest

There were no declarations of interest by Members in terms of the Councillors' Code of Conduct.

## Item 3 – Minutes of the Previous Meeting

The Minutes of the meeting of the AVJB held on 4 September 2018 were submitted and approved as a correct record.

Proposed by Councillor Donald L Reid and seconded by Councillor John Easdale.

**Decided:** to approve the Minutes of the meeting held on the 4 September 2018.

## Item 4 – Matters Arising

### **Item 8 – Corporate Risk Register**

Councillor McKay requested that a copy of the COSLA response to the Barclay Review be circulated to Members as agreed at the last meeting.

### **Item 13 – Appointment of Assessor and ERO Appraisal Panel**

As agreed at the last meeting a pre Appraisal meeting would be arranged in February with the actual appraisal taking place in mid/late March. As this was proving difficult to arrange, it was agreed that the pre Appraisal meeting would take place immediately prior to the actual Appraisal which would be scheduled for mid/late March 2019.

### **Item 5 – Revenue Budget Monitoring Report 2018/19 – Position Statement at 30 November 2018**

There was submitted a report (circulated) dated 19 December 2018 by the Treasurer to the Ayrshire Valuation Joint Board advising Members of the Ayrshire Valuation Joint Board of the income and expenditure for the period ended 30 November 2018 (monitoring period 8) as compared with the approved revenue budget.

The main variances from the budget were:

**Employee Costs** – a year-to-date underspend of £59,000 was reported with a full-year underspend of £125,000 being projected. This was attributed to vacancies and overtime.

**Supplies and Services Costs** – a full year overspend of £10,000 was projected for the digitisation project, which would be funded from reserves. Further costs of £25,000 were anticipated in 2019/20 to complete the project.

**Administrative Costs** – a year-to-date overspend of £13,000 was attributed to postage and training costs with a full year overspend of £18,000 being projected.

**Third Party Payments** – a year-to-date underspend of £6,000 was reported which was expected to increase to £8,000 at the year end.

**Income** – income was under-recovered by £11,000 due to the reduction in Individual Electoral Registration (IER) grant funding received from the UK Cabinet Office.

The Board's net expenditure was underspent by £39,000 against budget, as outlined above. The year end, net expenditure is projected to underspend against budget by £97,000. The impact of the full-year underspend will be to reduce the Board's contribution from reserves in the current financial year, set at £146,005 in the approved budget, to approximately £49,000.

Councillor Reid sought an explanation as to the 'under recovery' of £11,000 detailed in 4.2.5 of the report. T Simpson, Service Lead - Corporate Accounting advised Members that the budget for IER was set at £125,000 based on the funding expected to be received, however the Board only received £114,000 resulting in an under recovery of £11,000. Although the term 'under recovery' was an accounting term it was suggested that the wording, in future, be clearer to reflect that this issue was not a failure in the part of the Board.

Councillor Donald L Reid suggested that Employee Costs may not be in such a favourable position had the vacant posts been filled. The Assessor and ERO agreed with this comment and added that some of the vacant posts would now require to be filled particularly taking into account the recommendations within the Barclay Report.

Councillor McKay expressed concern regarding the financial position the Board as it was not actually taking into account; the loss of direct IER funding, the introduction of the Barclay Review, the costs involved in changes to office accommodation, and the filling of vacant posts. Councillor McKay indicated that it was important that respective local authorities were aware of the position particularly when all three local authorities would be preparing budgets.

Tom Simpson, Service Lead – Corporate Accounting intimated that this report only served to advise Members of the current financial position at monitoring period 8. Members discussed the Board’s future financial position, the Assessor and ERO stated that reports further in the Agenda may assist in alleviating concerns and Members agreed to discuss this further under Item 14 – Any Other Competent Business.

**Decided:**

- (1) to agree to consider clearer non accounting terminology of future reports;
- (2) to approve the contents of the Report.

**Item 6 – External Audit Charges – 2018/19 Audit**

There was submitted a report (circulated) dated 19 December 2018 by the Treasurer to the Ayrshire Valuation Joint Board informing Members of the Ayrshire Valuation Joint Board of the proposed external audit fee for 2018/19.

Audit Scotland set an expected fee in respect of each audited body based on its funding and fee strategy, the fee was set at £7,280. The approved budget for the audit fee was £7,200, the fee was therefore broadly consistent with the available budget.

It was highlighted that the report sought to seek the Board’s approval of the £7,280 audit fee. A full and frank discussion subsequently followed regarding the recommendation in the report taking into account that Audit Scotland set the expected fee. It was subsequently suggested that the wording of the recommendation within the report be changed to reflect the discussion.

**Decided:** to change the recommendation of the report to:-

- (1) to note the fees set by Audit Scotland for 2018/19; and
- (2) to note that the fees were £80 higher than the approved available budget.

**Item 7 – 2019/20 Budget**

There was submitted a report (circulated) dated 19 December 2018 by the Treasurer to the Ayrshire Valuation Joint Board updating Members of the Ayrshire Valuation Joint Board regarding the 2019/20 revenue budget considerations.

The uncommitted reserves as at 31 March 2019 were projected to be £389,793 which equated to approximately 17% of the Board’s annual net expenditure. Good practice required that no less than 2% of annual net expenditure (approximately £50,000) be held in reserves.

The Board have been working to identify savings through operational efficiencies arising from the digitisation and scanning projects. Although these savings were not expected to be achieved during 2019/20 they were fundamental to the Board’s intention to address the revenue funding gap on a sustainable basis.

New income streams had been identified from the Board’s property. These may only partly materialise during 2019/20 but thereafter the medium to longer term prospects were encouraging.

The implementation of the Scottish Government's Barclay Review will have a significant impact on the Board's business and budget. It was anticipated that there would be significant staffing, ICT and other costs arising from the review. The Scottish Government had announced funding for local authorities to support the implementation of the review and the Assessor and ERO and Treasurer were assessing the impact of available funding against the anticipated implementation costs.

The Board were advised of the implications to the budget and operational impact of the cessation of Individual Electoral Registration (IER) grant funding from the UK Cabinet Office in 2020. The Board currently receive in excess of £100,000 per annum which is used to fund the cost of canvassers, equipment and postage.

Tom Simpson, Service Lead – Corporate Accounting advised that due to prudent financial management by the management team and grant funding the Board held healthy reserves however the reserves may require to be utilised over the next few years.

**Decided:**

- (1) to note the progress made in identifying budget proposals for consideration; and
- (2) to request that the Assessor and Treasurer bring forward final budget proposals to the next meeting for financial year 2019/20 that will address the Board's projected funding gap on a sustainable basis and ensure that uncommitted reserves remain at an appropriate level.

**Item 8 – Electoral Registration**

There was submitted a report (circulated) dated 18 December 2018 by Principal Admin and IT Development Officer updating Members on the position with regard to the Board's functions concerning Electoral Registration.

Appendix 1 provided details on the canvass response rate at December 2018, Appendix 2 detailed the registered electorate at December 2018 and Appendix 3 noted the changes to the register throughout 2018.

The Assessor and ERO advised that a Justification Led Bid had been submitted for £17,000 to cover the shortfall in IER funding.

**Decided:** to note the content of the report.

**Item 9 – Modernisation and Transformation Programme Update**

There was submitted a report (circulated) dated 10 December 2018 by the Assessor and ERO updating Members on the Modernisation and Transformation Programme. It included an update on; the replacement CORE system; digitisation; capital budget; office rationalisation; the Barclay Review; workforce planning; funding of IER; and outstanding workloads.

The Assessor and ERO updated Members by advising them that an offer had been received for the front office building, it was however unacceptable and was refused. The Assessor and ERO has arranged to meet with architects to discuss the refurbishment of the back office space and would advise Members of associated costs in due course.

As discussed previously the Barclay Review was ongoing with comments being sought on a two tier appeal process, the full implementation of the Review would therefore not be known until the conclusion of this process.

The cessation of IER funding was a concern which may result in resources prioritisation to statutory functions with the result that other services to the public maybe affected.

**Decided:**

- (1) to note the content of the report;
- (2) to request that the Assessor and ERO continue to work with the Treasurer to establish future funding requirements;
- (3) to recognise that without major change to how the canvass operates there will be a substantial funding gap when IER grant funding ceases in 2020;
- (4) to agree the Assessor and ERO work with South Ayrshire Council on the letting of 9 Wellington Square, Ayr; and

*subsequently amended to read "to agree that the Assessor and ERO work on the letting of 9 Wellington Square, Ayr";*

- (5) to agree that once the cost of the refurbishment of the rear building is known, this would be reported to the Board and any funding suggestions made at that time.

**Item 10 – Valuation and Performance**

There was submitted a report (circulated) dated 17 December 2018 by the Head of Valuation Services and Assistant ERO advising Members on the progress achieved in Valuation and Council Tax for the period 1 April 2018 to 30 November 2018.

Appendix 1 provided a report on Valuation and Performance in both Council Tax and Non-Domestic Rates and a summary of outstanding Council Tax and Non-Domestic Valuation appeals as at 30 November 2018. Within the statistics relating to the time taken to make statutory amendments to the Valuation Roll it was noted that South Ayrshire was sitting at 63% with North Ayrshire at 83% and East Ayrshire at 79%, the Head of Valuation Services and Assistant ERO advised that a member of staff who had left had covered the South Ayrshire area and that this had had an impact on the figures.

**Decided:** to note the contents of the report.

**Item 11 – Staff Questionnaire Report**

There was submitted a report (circulated) dated 18 December 2018 by the Assessor and ERO detailing the responses from the Staff Questionnaire issued in November 2018.

The Assessor and ERO intimated that she had included all additional comments from staff which was detailed in Appendix 1 of the report. The Board had requested that the number of questions be reduced for the 2018 return which may have resulted in an increase in the number of completed questionnaires received. The responses were generally very positive considering the number of recent changes within the organisation although there were still areas for improvement.

**Decided:**

- (1) to inform the Board of the outcome of the questionnaire; and
- (2) to examine the overall responses in the 5 areas covered by the questionnaire.

**Item 12 – Staffing Report**

There was submitted a report (circulated) dated 17 December 2018 by the Head of Valuation Services and Assistant ERO advising Members of the current staffing issues.

Appendix 1 detailed the main staffing issues that were ongoing or had been dealt with since the last Board meeting.

**Decided:** to note the contents of the report.

**Item 13 – Revaluation 2017**

There was submitted a report (circulated) dated 18 December 2018 by the Head of Valuation Services and Assistant ERO to the Ayrshire Valuation Joint Board updating Members on issues relating to the Revaluation 2017.

**Decided:** to note the contents of the Report.

**12.33pm - Councillor McKay left the meeting**

**Item 14 – Annual Complaints Handling Report**

There was submitted a report (circulated) dated 17 December 2018 by the Head of Valuation Services and Assistant ERO to the Ayrshire Valuation Joint Board advising Members on the outcome of the Board's 5<sup>th</sup> year of operating the Scottish Public Services Ombudsman's (SPSO) Model Complaints Procedure and to submit a report in accordance with SPSO's annual performance Indicators.

It was highlighted that the number of complaints had reduced to 8 from 12 the previous year.

**Decided:**

- (1) to approve the performance indicators shown in Appendix 1 of the Report;
- (2) to approve the publication of the performance indicators on the Board's website; and
- (3) to note the contents of the remainder of this Report.

### **Item 15 – Any Other Competent Business**

A full and frank discussion took place regarding the possible future financial position that the Board may find itself in taking into account the cessation of IER funding, the implementation of the Barclay Review, back office accommodation refurbishment, ICT and staffing levels. It was also acknowledged that information relating to the full implementation of the Barclay Review was still to be confirmed. Nonetheless, it was recognised that it would be prudent for the Board to advise the three local authority Finance Officers of the financial overview of the Boards position.

**Decided:** to request that the Treasurer write to each local authority highlighting the above issues which may have a negative impact on the Board's budget over the next 2/3 years.

### **Item 16 – Date and Time of Next Meeting**

The Board noted that the next meeting would be held on **Tuesday 5 March 2019** at 10.30 a.m. within the Council Chamber, Cunninghame House, Irvine.

The meeting ended at 12.35 p.m.