

# Ayrshire Valuation Joint Board

Proposed 2022/23 Annual Audit Report



 AUDIT SCOTLAND

Prepared by Audit Scotland for the Ayrshire Valuation Joint Board and Accounts  
Commission

October 2023

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# Key messages

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## 2022/23 Annual Accounts

- 1 An unqualified independent auditor's report has been issued for the 2022/23 Annual Accounts.
- 2 The Management Commentary, Annual Governance Statement and Remuneration Report are consistent with the financial statements and properly prepared in accordance with relevant legislation.

## Financial sustainability

- 3 The Ayrshire Valuation Joint Board (the Board) reported an underspend of £0.115 million against its final budget in 2022/23 with most of this underspend relating to employee costs.
- 4 The Board's financial position is sustainable for the foreseeable future, but further work is needed to evidence its financial sustainability over the medium-term.

## Governance arrangements and performance

- 5 The Corporate Plan 2021-24 and Service Plan 2020-2023 provide a clear vision for the Board.
- 6 Governance arrangements were effective in 2022/23.
- 7 The Board delivered on its statutory obligations. The prioritisation of these activities did impact on its key performance indicators, but the Board is committed to meeting its targets in 2023/24.

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# Introduction

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1. The scope of our audit was set out in our Annual Audit Plan presented to the March 2023 meeting of the Ayrshire Valuation Joint Board (the Board).

2. This report sets out our findings from:

- the audit of the Annual Accounts
- our consideration of the Board's financial sustainability, governance arrangements and performance.

## Responsibilities and reporting

3. The management of the Board, has responsibility for:

- preparing financial statements which give a true and fair view.
- putting in place proper arrangements for the conduct of its affairs.
- maintaining proper accounting records and appropriate governance arrangements.

4. Our responsibilities, as independent auditor appointed by the Accounts Commission, are established by the Local Government (Scotland) Act 1973, the [Code of Audit Practice 2021](#) and supplementary guidance and International Standards on Auditing in the UK. We undertake our audit in accordance with International Standards on Auditing, and the auditing profession's ethical guidance.

5. At the conclusion of our audit, we provide an independent auditor's report for inclusion in the Annual Accounts.

6. Audit Scotland's Code of Audit Practice 2021 includes provisions relating to the audit of less complex organisations. Where the application of the full wider audit scope is judged by auditors not to be appropriate to an audited body then annual audit work can focus on the financial sustainability of the body and the disclosures in the governance statement. In our 2022/23 Annual Audit Plan we conveyed our intention to apply the less complex body provision to the 2022/23 audit of the Board's Annual Accounts.

7. Best Value is about ensuring that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes for citizens. As we have applied the Code of Audit Practice less complex body provision to the audit of the Board our wider scope responsibilities do not fully apply. Our Best Value work is limited to our audit work on financial sustainability and governance arrangements. In addition, we have reviewed and commented on the Board's performance outcomes.

**8.** This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

## Communication of fraud or suspected fraud

**9.** In line with ISA (UK) 240 (*The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*), in presenting this report to the Board we seek confirmation from those charged with governance of any instances of actual, suspected, or alleged fraud that should be brought to our attention. Should members have any such knowledge or concerns relating to the risk of fraud within the Board, we invite them to communicate this to the appointed auditor for consideration prior to the Annual Accounts being certified.

## Adding value through the audit

**10.** In addition to our primary responsibility of reporting on the Annual Accounts we seek to add value to the Board by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we aim to help the organisation promote improved standards of governance, better management and decision making, and more effective use of resources.

## Auditor Independence

**11.** Auditors appointed by the Accounts Commission or Auditor General for Scotland must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the Annual Accounts auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

**12.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2022/23 audit fee of £8,800 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**13.** This report is addressed to both members of the Board and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

**14.** We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

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# 1. Audit of 2022/23 Annual Accounts

The principal means of accounting for the stewardship of resources and performance.

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## Key messages

An unqualified independent auditor's report has been issued for the 2022/23 Annual Accounts.

The Management Commentary, Annual Governance Statement and Remuneration Report are consistent with the financial statements and properly prepared in accordance with relevant legislation.

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## Our audit opinions on the Annual Accounts are unmodified

**15.** The Annual Accounts for the year ended 31 March 2023 were approved for issue by the Board following its meeting on 24 October 2023.

**16.** We reported in the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared in accordance with relevant legislation and the Code of Practice on Local Authority Accounting in the UK.
- the Management Commentary, Annual Governance Statement and Remuneration Report were all consistent with the financial statements and properly prepared in accordance with relevant legislation.

**17.** We concluded that there were no matters upon which we are required to report, by exception, to the Accounts Commission.

## The unaudited Annual Accounts were submitted for audit in line with the agreed timetable

**18.** We received the unaudited Annual Accounts on 27 June 2023 in line with the agreed audit timetable. The Annual Accounts submitted for audit were of a satisfactory standard as were supporting working papers. Finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

## Our audit identified and addressed the significant risk of material misstatement reported in our 2022/23 Annual Audit Plan

**19.** The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit, we identified one significant risk of material misstatement which could impact on the Annual Accounts. [Exhibit 1](#) sets out this risk together with the work we undertook to address it and our conclusions from this work.

### Exhibit 1

Significant risk of material misstatement reported in the 2022/23 Annual Audit Plan

| Description of Risk  | Audit response to risk   | Results and conclusion   |
|--|--|--|
| <p><b>1. Risk of management override of controls</b></p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p> | <p>Assess the design and implementation of controls over journal entry processing.</p> <p>Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.</p> <p>Test journals at the year-end and post-closing entries and focus on significant risk areas.</p> <p>Evaluate significant transactions outside the normal course of business.</p> <p>We will assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</p> | <p><b>Results:</b> Journal adjustments were tested, and no indications of management override of controls were found.</p> <p>We tested accruals and prepayments and confirmed that income and expenditure was properly accounted for in the financial year.</p> <p>We reviewed transactions during the year. No issues were highlighted of significant transactions outside the normal course of business.</p> <p>Judgements and estimations applied were tested to confirm they were appropriate and reasonable.</p> <p><b>Conclusion:</b> No instances of management override of controls were identified.</p> |

**20.** In addition, we identified “areas of audit focus” in our 2022/23 Annual Audit Plan where we considered there to be risks of material misstatement to the financial statements. These areas of specific audit focus were:

- **Pension balance:** We confirmed that valuation data in the actuarial report was correctly reflected within the Annual Accounts, and reviewed the work of the actuary, including consideration of the appropriateness of the actuarial assumptions used.
- **Valuation of land and buildings:** We reviewed management’s assessment of the current value of these assets as at 31 March 2023 and compared this to their carrying value in the Annual Accounts.

**21.** We kept these areas under review throughout our audit. Based on the findings of the audit procedures performed, there are no matters which we need to bring to your attention. We have commented further on the pension balance in [exhibit 3](#).

## Our audit testing reflected the calculated materiality levels

**22.** Materiality can be defined as the maximum amount by which auditors believe the Annual Accounts could be misstated and still not be expected to affect the perceptions and decisions of users of the Annual accounts. The assessment of what is material is a matter of professional judgement. A misstatement or omission, which would not normally be regarded as material by value, may be important for other reasons (for example, an item contrary to law).

**23.** Our initial assessment of materiality for the Annual Accounts is undertaken during the planning phase of the audit. On receipt of the unaudited Annual Accounts, we reviewed our original materiality calculations and concluded that they remained appropriate. Our materiality levels are set out at [exhibit 2](#).

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### Exhibit 2

#### Materiality levels

| Materiality level   | Amount  |
|---|---------|
| <b>Overall materiality:</b> This is the figure we use in assessing the overall impact of potential adjustments on the financial statements. It has been set at 2% of gross expenditure for the year ended 31 March 2023.  | £65,000 |
| <b>Performance materiality:</b> This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we calculated performance materiality at 75% of planning materiality. | £50,000 |
| <b>Reporting threshold:</b> We are required to report to those charged with governance on all unadjusted misstatements more than the ‘reporting threshold’ amount. This has been set at 5% of planning materiality.   | £3,000  |



## No misstatements were identified

**24.** There were no material adjustments to the unaudited Annual Accounts arising from our audit. In addition, we have no unadjusted misstatements to report.

## We have one significant finding to report on the Annual Accounts

**25.** Under ISA (UK) 260 (*Communication with Those Charged with Governance*), we communicate significant findings from the audit to members, including our view about the qualitative aspects of the Board's accounting practices.

**26.** The Code of Audit Practice also requires all auditors to communicate key audit matters within the Annual Audit Report under ISA (UK) 701 (*Communicating key audit matters in the Independent Auditor's Report*). These are matters that we judged to be of most significance in our audit of the financial statements.

**27.** There is one significant finding to report ([exhibit 3](#)).

**28.** The qualitative aspects of the Board's accounting practices, accounting policies, accounting estimates and accounts disclosures are satisfactory and appropriate.

**29.** In accordance with normal audit practice, a few presentational and disclosure amendments were discussed and agreed with management. The disclosure changes were satisfactory.

**Exhibit 3**

## Significant finding and key audit matter from the audit of the Annual Accounts

| Issue  | Resolution  |
|--|---|
| <p><b>1. Pension balance</b></p> <p>The pension balance represents the difference between expected future payments to pensioners and the underlying value of pension fund assets available to meet this liability.</p> <p>The Board is an admitted member of Strathclyde Pension Fund. Valuation of pension fund assets and liabilities is assessed by an independent firm of actuaries (Hymans Robertson LLP). Pension assets and liabilities are calculated annually for each individual member body, by the actuary, for inclusion in the Annual Accounts. Annual valuations are dependent on a number of external variables, including projected rates of return on assets, projected rates of price and pay inflation, interest rates and mortality estimates.</p> <p>The Strathclyde Pension Fund actuary provided an estimate of the Board's asset as at 31 March 2023. The Board's 2022/23 valuation showed an asset of £9.226 million (2021/22: asset of £3.856 million). As required by accounting standards, the asset shown in the Board's Balance Sheet has been limited to £0.445 million. The amount that can be recognised as an asset is limited to the estimated future service cost less the minimum contribution required, otherwise known as the asset ceiling.</p> | <p>This is included for information due to the large year-on year movement in the pension balance.</p> <p>We are satisfied that the Board's disclosure, and accounting treatment, of its pension balance complies with required accounting practices.</p> |

Source: Audit Scotland

### The Board's 2022/23 Management Commentary provides a reasonable picture of its performance and operational activity for the year

**30.** The Management Commentary is intended to expand upon and provide clarity and context to the information in the Annual Accounts. Guidance emphasises that each body has scope for innovation and variation on how it "tells its story." The general principle is that it should provide "a fair, balanced and understandable" analysis of a body's performance to meet the needs of members and other stakeholders, including members of the public.

**31.** We concluded that the 2022/23 Management Commentary is consistent with our knowledge and experience of the organisation and presents a reasonable picture of the Board's performance.

**The audited part of the Remuneration Report was consistent with the Annual Accounts and has been prepared in accordance with applicable regulations**

**32.** The Local Authority Accounts (Scotland) Regulations 2014 requires the Board to include a Remuneration Report within its Annual Accounts that includes details of:

- the remuneration of relevant persons, including pension entitlements, for the financial year (and prior year comparator); and accrued pension benefits figures at 31 March of that year, and
- information on pay bands and the number and cost of exit packages approved during the financial year.

**33.** We have no issues to report in relation to the information included within the Remuneration Report in the Board's 2022/23 Annual Accounts.

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## 2. Financial sustainability

Financial Sustainability looks forward to the medium and long term to consider whether the Board is planning effectively to continue to deliver its services.

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### Key messages

The Board reported an underspend of £0.115 million against its final budget in 2022/23 with most of this underspend relating to employee costs.

The Board's financial position is sustainable for the foreseeable future, but further work is needed to evidence its financial sustainability over the medium-term.

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### The Board reported an underspend of £0.115 million against its budget in 2022/23 with most of this underspend relating to employee costs

**34.** The Board is mainly funded by requisitions from its constituent members North, South and East Ayrshire Councils.

**35.** The Board approved its 2022/23 budget in March 2022. This was set based on net expenditure of £2.824 million, with a planned contribution from the Board's reserves of £0.254 million. Efficiency savings target of £0.078 million was also factored into the budget.

**36.** The actual budget outturn in 2022/23, as reported to the Board in June 2023 and reflected in the Management Commentary to the Annual Accounts, was total net expenditure of £2.708 million. This is an underspend of £0.115 million against the budget. As a result of this position, only £0.138 million of the planned use of £0.254 million of reserves was needed.

**37.** Most of the variance against budget is in relation to employee costs. There have been underspends in employee costs both in 2022/23 (£0.061 million) and in previous years (£0.153 million in 2021/22). Management advised that despite running recruitment campaigns, there were several vacant posts not filled throughout the year.

**38.** After taking into consideration various statutory accounting adjustments (primarily pension adjustments of £0.443 million), the Annual Accounts show a deficit of £0.521 million in the Comprehensive Income and Expenditure Statement.

## The Board's financial position is sustainable for the foreseeable future, but further work is needed to evidence its financial sustainability over the medium-term

**39.** There is evidence that its constituent councils will continue to support the operations and existence of the Board, with a balanced budget agreed for 2023/24. When combined with the workforce plan and the clear direction set by its Corporate and Service Plans, we consider the Board to be financially sustainable for the foreseeable future. There is a commitment from the Board and constituent councils to address the projected financial pressures for 2024/25. To ensure it remains financially sustainability over the medium-term work is needed to review and update medium-term financial plans in the context of the challenging environment in which the Board is operating in.

### The 2023/24 budget is balanced

**40.** The Board approved its 2023/24 budget in March 2023. This was set based on gross expenditure of £2.904 million, with a planned contribution from the Board's reserves of £0.334 million.

**41.** The main risk to the budget will arise from any pay settlement. The budget assumes a 3% pay award (£0.165 million) which was based on the position adopted by many other local authorities, including the lead authority of the Board, South Ayrshire Council. However, management and the Board recognise that costs associated with this budget line are likely to increase given the inflationary pressures and this impact on national pay negotiations. Should the pay award be greater than the 3% budgeted for the Board will need to engage with the constituent authorities to ask for additional contributions.

**42.** Members monitor the Board's budget position through the budget monitoring reports presented to each meeting of the Board. The budget monitoring reports provide an overall picture of spend against budget and include a good level of detail in the narrative to explain the main budget variances.

**43.** The 2023/24 period four budget monitoring update presented to the October 2023 meeting of the Board noted a year-to-date budget underspend of £0.111 million. The main variance relates to an underspend of £0.064 million for employee costs due to vacancies.

### There remain difficulties with staff recruitment

**44.** Employee costs comprise the greater part of the Board's annual expenditure (79% of gross expenditure in 2022/23). This should dictate that the Board adopts a strategic approach to workforce and succession planning and that this should be closely related to the Board's other corporate strategies.

**45.** The Board has recognised the need for a longer-term strategic approach to its workforce and established a workforce plan covering 2021-2024. In response to prior year audit recommendations, the Board considered updates to the plan in January 2023. Where relevant, deadlines and targets dates have now been assigned to the action plan that sits alongside the workforce plan. Additionally, given the heightened importance of staff well-being, a section on this had been added to the plan. This will help ensure the Board meets the demands placed

on it by its stakeholders over the coming years and allow it to deliver on its Corporate Plan objectives.

**46.** To help management address and monitor the workforce requirements, in conjunction with the workforce plan, an action plan sits alongside this. This focusses on areas where significant change has been identified and where action is needed to deliver on core objectives.

**47.** The Board will see an increase in its workload over the coming years. This includes preparations for the first non-domestic rating revaluation in 2023 following the Barclay review. There will likely be an increase in demand for qualified chartered surveyors to ensure compliance with the recommendations of this review.

**48.** Management recognises that a shortage of qualified chartered surveyors and the inability to recruit and retain them represents a risk to the delivery of future services. The Board has advertised and recruited for a number of roles during 2022/23 but the competitive labour market has meant that a number of vacancies still exists.

**49.** There have been significant underspends in employee costs over the past few years. Whilst we recognise the labour market in which the Board is operating in, there is an ongoing need for management to closely monitor the workforce to ensure capacity pressures do not negatively impact on the Board's, performance, or its ability to deliver its services and objectives in a sustainable way.

**50.** At each meeting of the Board, management provide members with an update on staffing changes that have occurred during the quarter. This allows members to assess and scrutinise the latest workforce position of the Board.

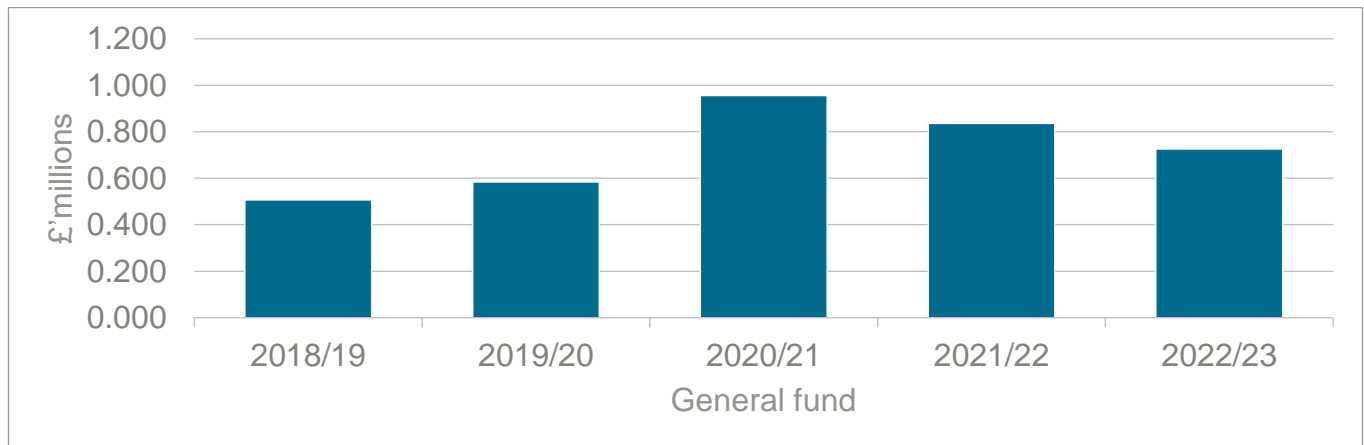
**51.** Having a well-structured and measurable workforce plan will help ensure the Board meets the demands placed on it by its stakeholders over the coming years and allow it to deliver on its Corporate Plan objectives.

#### **The Board should review and update its medium-term financial plan**

**52.** As at 31 March 2023 the Board's general fund stands at £0.725 million (31 March 2022: £0.864 million). [Exhibit 4](#) provides an analysis of the Board's general fund over the last five years.

## Exhibit 4

### Analysis of general fund 2018/19 to 2022/23



Source: Ayrshire VJB audited Annual Accounts

**53.** As detailed in the March 2023 [CIPFA Bulletin 13 Local Authority Reserves and Balances](#), there is no prescribed level of reserves, but the Treasurer has a responsibility to advise the Board on the creation and levels of reserves that are appropriate to its circumstances. Reserves balances can be held for three main purposes:

- **Working balance:** To help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- **Contingency:** To cushion the impact of unexpected events or emergencies.
- **Known requirements:** To build up funds to meet known or predicted requirements.

**54.** As part of its 2023/24 budget setting the Board considered its projected reserves position between 2022/23 to 2024/25. At the March 2023 meeting, members agreed to set a level of uncommitted reserves between at least 3% to 4% of annual net expenditure. The uncommitted reserves as a percentage of net expenditure were projected to be 11% for 2023/24. The closing 2022/23 general fund position of £0.725 million, as reported in the Annual Accounts equates to 25% of the agreed 2023/24 budget. After deducting the planned use of £0.334 million of reserves per the 2023/24 agreed budget, the level is at 13%.

**55.** However, based on the 2024/25 scenario reported to the Board in March 2023, which assumes no increase in members requisitions, reserves would be exhausted by the end of 2024/25.

**56.** The Board has not changed overall requisition levels since 2020/21, with the 2023/24 budget being the third year of no change. The 2023/24 budget has been balanced through the planned use of £0.334 million of reserves. However, as pay awards and other inflationary pressures continue, there is a need to

revisit this position to ensure the Board remains financially sustainability into the medium-term.

**57.** The Board has instructed the Assessor and the Treasurer to undertake further financial analysis and engage early with constituent authorities on an appropriate budget strategy for financial year 2024/25 and beyond.

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## **Recommendation 1**

The Board should develop a medium-term financial plan that takes account of its current financial and workforce environment to ensure it remains financially sustainable and can deliver on the strategic objectives in its Corporate Plan 2021-24.

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# 3. Governance arrangements and performance

The effectiveness of scrutiny and oversight, and transparent reporting of information, including performance

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## Key messages

The Corporate Plan 2021-24 and Service Plan 2020-2023 provide a clear vision for the Board.

Governance arrangements were effective in 2022/23. The Board's Annual Governance Statement is consistent with the financial statements and complies with applicable guidance.

The Board delivered on its statutory obligations. The prioritisation of these activities did impact on its key performance indicators, but the Board is committed to meeting its targets in 2023/24.

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## **The Corporate Plan 2021-24 and Service Plan 2020-2023 provide a clear vision for the Board. These are subject to regular review by Members**

**58.** The post of Assessor carries a personal liability for the delivery of valuation services. Accordingly, the statutory priorities that must be delivered dictate the priorities of the organisation at any given point in time. The Assessors legislative requirements are factored into both the Board's Corporate and Service Plan's.

**59.** The Corporate Plan 2021-24 contains five strategic objectives:

- Service delivery in accordance with statutory requirements
- Best Value and improvement
- Sound governance
- Consultation
- Supported and motivated employees

**60.** Sitting beneath the Corporate Plan is the Service Plan 2020-2023. This presents more detailed information on the operational challenges faced by the Board and is split in four parts:

- Service function
- Core objectives
- Key activities and outcomes
- Performance management

**61.** The Corporate and Service Plans set out a clear vision for the Board. They are subject to regular review by Members. The Corporate plan was reviewed in October 2022, with the Service Plan last reviewed in June 2022. The reviews did not result in any substantive changes.

### **Governance arrangements were effective in 2022/23. The Board's Annual Governance Statement is consistent with the financial statements and complies with applicable guidance**

**62.** Each year the Board undertakes an assessment of its governance arrangements against the governance and performance framework (first introduced in May 2016 and subsequently revised in September 2020) linked to its Corporate Plan 2021-2024. At the June 2023 meeting of the Board members reviewed the 2022/23 year-end assessment. The review takes account of the improvements made to governance arrangements over the last year, including the approval of updated standing orders, financial regulations, and a new remote working policy by the Board. The report also contains planned improvement actions for 2023/24.

**63.** South Ayrshire Council's internal audit function carries out specific audit work on the Board in line with the Support Agreement between the two organisations. Internal audit provides the Board with independent assurance on risk management, internal control, and corporate governance processes.

**64.** The Chief Internal Auditor's audit annual report concluded that reasonable assurance can be placed on the framework of governance, risk management and control and that adequate controls were in place and operating throughout the Board in 2022/23. This assurance has been disclosed in the Board's annual governance statement.

**65.** The information in the Annual Governance Statement is consistent with the financial statements and our knowledge of the Board's operations and was prepared in accordance with the CIPFA/SOLACE guidance: Delivering Good Governance in Local Government: Framework (2016).

### **Financial control arrangements operated appropriately during 2022/23**

**66.** South Ayrshire Council, as host authority, provides support in some key areas of business, particularly in finance, legal and information technology, with the council's systems used to produce the Board's Annual Accounts.

**67.** The appointed external auditor of South Ayrshire Council considered whether the council's key accounting and internal financial controls were adequate to prevent material misstatements in the Annual Accounts. These are the same systems used to produce the Board's Annual Accounts.

**68.** We have reviewed the council's external auditor's findings. Their consideration of the design and implementation of the key controls concluded that the risk of material misstatement was low and as such we consider the risk to the Board's Annual Accounts to also be low.

### **The Board has arrangements in place for the prevention and detection of fraud and error**

**69.** The Board is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery, and corruption. Furthermore, it is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

**70.** We have reviewed the arrangements in place and concluded that these are appropriate. We are not aware of any specific issues that we need to bring to your attention.

### **The Board delivered on its statutory obligations. The prioritisation of these activities did impact on its key performance indicators, but the Board is committed to meeting its targets in 2023/24**

**71.** During 2022/23, the Board met all statutory obligations and successfully delivered the requirements of both the Non-Domestic Rates (Scotland) Act 2020 and the Elections Act 2022.

**72.** Scottish Assessors are required to maintain a complete and accurate valuation roll in terms of the Local Government (Scotland) Act 1975 and a complete and accurate council tax valuation list in terms of the Local Government Finance Act 1992. Service performance is measured by standard performance indicators agreed between the Scottish Government and the Scottish Assessors' Association. It is for each Board or Assessor to determine its target, and we have assessed the Board's published data against that of the other Scottish Assessor offices.

#### **Council tax – addition of new houses to the council tax list**

**73.** The performance achieved did exceed the Board's own targets as set out in its performance report, being 72% and 94% for within 3 and 6 months respectively.

**74.** Whilst in isolation it appears ([exhibit 5](#)) that the Board is performing below the national average for additions within 3 months to the council tax valuation list, it is important to consider the local circumstances affecting these statistics. Ayrshire Valuation Joint Board has a high number of entries on the Council Tax List in relation to staffing levels, creating a higher ratio of workload per staff member. As such, the accuracy of the entries, rather than achieving a timescale, is the priority for the Board. Its performance within 6 months matches the average of comparator Assessors.

**Exhibit 5**

## Council tax – addition of new houses to the council tax list

|                    | Average of comparator boards |         |         | Ayrshire VJB |         |         |
|--------------------|------------------------------|---------|---------|--------------|---------|---------|
| Year               | 2020/21                      | 2021/22 | 2022/23 | 2020/21      | 2021/22 | 2022/23 |
| <b>Achievement</b> |                              |         |         |              |         |         |
| Within 3 months    | 86%                          | 90%     | 85%     | 63%          | 71%     | 72%     |
| Within 6 months    | 94%                          | 97%     | 94%     | 93%          | 93%     | 94%     |

Source: Scottish Assessors Association – KPIs 2022/23

## Valuation roll – amendments to the valuation roll

**75.** Although an improvement on last year, the Board's targets of 60% of amendments being made within 3 months and 85% within 6 months were not met. The Board's performance in this area is below the national average when compared with the other Scottish Assessors ([exhibit 6](#)).

**76.** Whilst allowing for a high-level comparison, there is a need to acknowledge the limitations of using this data for direct comparisons with other Assessors performance. For example, the Ayrshire Valuation Joint Board has a larger Valuation Roll than seven other Assessors but is one of the smaller offices in terms of its staffing. In respect of amendments to the valuation roll, the Board notes that its performance was impacted by several new workstreams such as the statutory requirement to deliver Revaluation 2023 in a shortened timescale. This was the priority task to ensure the Board met its statutory deadline. There has also been an increase in the volume of properties added to the valuation roll as part of new NDR legislation.

**Exhibit 6**

## Valuation roll – amendments to the valuation roll

|                    | Average of comparator boards |         |         | Ayrshire VJB |         |         |
|--------------------|------------------------------|---------|---------|--------------|---------|---------|
| Year               | 2020/21                      | 2021/22 | 2022/23 | 2020/21      | 2021/22 | 2022/23 |
| <b>Achievement</b> |                              |         |         |              |         |         |
| Within 3 months    | 55%                          | 64%     | 54%     | 24%          | 31%     | 33%     |
| Within 6 months    | 73%                          | 80%     | 72%     | 51%          | 55%     | 62%     |

Source: Scottish Assessors Association – KPIs 2022/23

**77.** Management have been looking at ways to improve performance in 2023/24. This has included the prioritisation of workloads and the commitment of additional staff resources to the technical teams and technical support unit.

**78.** The first reporting against 2023/24 was presented to the Board in June 2023. This highlighted that 75% of alterations to the council tax list were made within 3 months (92% within 6 months) and 96% of amendments were made to the valuation roll within 3 months (98% within 6 months) which indicates an improving position.

### **The Board has in place arrangements to monitor and secure Best Value**

**79.** We have not undertaken any specific Best Value work in 2022/23. However, based on our findings in this report, we consider that the Board has arrangements in place to secure Best Value, although work is needed to improve service performance. Our view is evidenced through:

- the Board having a clear strategy (Corporate Plan 2021-24) and performance framework.
- its established governance and decision-making arrangements.
- the recognition that strategic priorities must be delivered within the financial and workforce resources available.

**80.** The Local Government (Scotland) Act 2003 requires each Local Authority to make arrangements for reporting to the public on the performance of its functions. There are arrangements in place for the transparent reporting of performance. The Board's 2022/23 Public Performance Report was considered by Members in June 2023 with this publicly available on the Board's website.

# Appendix 1: 2022/23 Action Plan

## 2022/23 audit recommendation

| Risk   | Recommendation   | Management response  |
|--|--|--|
| <p><b>1. Medium-term financial planning</b></p> <p>Based on the 2024/25 budget scenario reported to the Board in March 2023, which assumes no increase in members requests, reserves would be exhausted by the end of 2024/25.</p> <p>The Board has not changed overall requisition levels since 2020/21, with the 2023/24 budget being the third year of no change. The 2023/24 budget has been balanced through the planned use of £0.334 million of reserves. However, as pay awards and other inflationary pressures continue, there is a need to revisit this position to ensure the Board remains financially sustainability into the medium-term.</p> | <p>The Board should develop a medium-term financial plan that takes account of its current financial and workforce environment to ensure it remains financially sustainable and can deliver on the strategic objectives in its Corporate Plan 2021-24.</p> <p><a href="#">Paragraph 57</a></p> | <p><b>Management response</b></p> <p>A rolling three-year financial forecast is prepared annually by the Treasurer, in conjunction with the Assessor &amp; ERO. Work is ongoing to refresh the forecast for financial years 2024/25 to 2026/27 in order that it can inform discussions regarding financial sustainability between the Board and its constituent authorities.</p> <p><b>Responsible Officer</b></p> <p>Treasurer.</p> <p><b>Actioned by</b></p> <p>31 March 2024.</p> |

# Ayrshire Valuation Joint Board

## Annual Audit Report 2022/23

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