



# Orkney and Shetland Valuation Joint Board



## Minute

Thursday, 24 June 2021, 09:30.

Microsoft Teams.

### Present:

#### Orkney Islands Council:

Councillors Andrew Drever, Robin W Crichton, David Dawson, Barbara Foulkes and J Harvey Johnston.

#### Shetland Islands Council:

Councillors Theo Smith, Alastair Cooper, Allison Duncan, John Fraser and George Smith.

### Clerk to the Board:

- Karen A Greaves, Head of Executive Support, Orkney Islands Council.

### In Attendance:

- Colin Kemp, Treasurer.
- Dennis Stevenson, Assessor and Electoral Registration Officer (for Items 1 to 9).

#### Orkney Islands Council:

- John W Mundell, Interim Chief Executive (for Items 1 to 10).
- Hazel Flett, Senior Committees Officer.

#### Shetland Islands Council:

- Jan Riise, Executive Manager – Governance and Law (for Items 1 to 10).
- Marie Gordon, Team Leader – HR Policy and Employment Support.

### Observing:

- Rebecca McAuliffe, Press Officer, Orkney Islands Council (for Items 1 to 9).

### Apologies:

#### Orkney Islands Council:

- Gavin Mitchell, Head of Legal Services.
- Gareth Waterson, Head of Finance.

**Shetland Islands Council:**

- Maggie Sandison, Chief Executive.

**Declarations of Interest:**

- No declarations of interest were intimated.

**Chair:**

- Councillor Andrew Drever, Orkney Islands Council, Convener of the Board.

**1. Disclosure of Exempt Information**

The Board noted the proposal that the public be excluded from the meeting for consideration of Items 10 and 11, as the business to be discussed involved the potential disclosure of exempt information of the class described in the relevant paragraph of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

**2. Minute of Meeting held on 18 February 2021**

After consideration of the draft Minute of the Meeting of the Board held on 18 February 2021, copies of which had been circulated, the Board:

Resolved, on the motion of Councillor David Dawson, seconded by Councillor Theo Smith, to approve the Minute of the Meeting of the Board held on 18 February 2021, as a true record.

**3. Minute of Meeting held on 25 March 2021**

After consideration of the draft Minute of the Meeting of the Board held on 25 March 2021, copies of which had been circulated, the Board:

Resolved, on the motion of Councillor David Dawson, seconded by Councillor John Fraser, to approve the Minute of the Meeting of the Board held on 25 March 2021, as a true record.

**4. Minute of Meeting held on 28 May 2021**

After consideration of the draft Minute of the Meeting of the Board held on 28 May 2021, copies of which had been circulated, the Board:

Resolved, on the motion of Councillor Theo Smith, seconded by Councillor J Harvey Johnston, to approve the Minute of the Meeting of the Board held on 28 May 2021, as a true record.

**5. Annual Audit Report 2019/20 – Update**

The Clerk presented an update on progress with the Action Plan arising from the Annual Audit Report on the 2019/20 Audit. Of the six actions, it was recommended that the target date for three be amended, while the lead officer for one action be amended from HR/Treasurer to the Assessor. Two actions were complete, three were on target (subject to the target date being amended), with one overdue.

The Board noted:

**5.1.** The updated Action Plan arising from the Annual Audit Report on the 2019/20 Audit, attached as Appendix 1 to the report by the Clerk.

**5.2.** That a further update on progress would be presented to the Board at its meeting to be held in September 2021.

The Board **agreed**:

**5.3.** That the target dates on Actions 2, 5 and 6 be amended as indicated, together with the change in lead officer for Action 5.

## **6. Best Value – Progress Report**

The Assessor and Electoral Registration Officer presented the six monthly update report, as required by the Board's Best Value regime, for the reporting period October 2020 to March 2021.

Points highlighted in relation to the Electoral Registration Service included the following:

- Migration to the new Electoral Management System, whilst an intensive learning curve, with the annual canvass completed, as well as conducting the Orkney North Isles By-election and the recent Scottish Parliamentary Election.
- Annual canvass commenced August 2020, under canvass reform which allowed discretion over how it was run to be most suitable and effective for the local area. The main test was the recent Scottish Parliamentary Election where there was no adverse impact or complaints from unregistered electors.
- This year was a relatively quiet year for Absent Vote signature refresh, with approximately 80 required in total between Orkney and Shetland.
- The Scottish Parliamentary Election was held on 6 May 2021, in very different circumstances, including COVID-19 restrictions and guidance. Postal votes in both areas significantly increased, although it was noted that Orkney already had a high percentage of postal voters, given that the majority of the North Isles electorate was already postal votes.

Regarding Council Tax, Councillor Robin W Crichton queried why the total chargeable dwellings in Orkney and Shetland were broadly similar given that Orkney had a smaller population. The Assessor advised that both the Council Tax List and the Valuation Roll should be read in conjunction, as Orkney had a significantly higher number of self-catering establishments.

Points highlighted in relation to Non-Domestic Rating included the following:

- Outstanding appeals against the 2017 Revaluation, with the final disposal date extended to 31 December 2021 under The Valuation Timetable (Disposal of Appeals and Complaints) (Scotland) (Coronavirus) Amendment Order 2020.
- The number of running roll appeals received against the 2017 Valuation Roll, which challenged the level of premises values in response to the impact of the current pandemic. Addressing the appeals would be a significant area of work over the next 18 months. A further raft of appeals were received by 31 March 2021.

- Scottish Ministers had laid a Statutory Instrument extending the appeal disposal date from 31 December 2021 to 31 December 2022 for all appeals received between 1 January 2020 and 31 March 2021.
- Scottish Ministers were also currently considering whether to follow England's lead in classifying COVID-19 appeals outwith the definition of Material Change of Circumstances, which could mean all COVID-19 appeals would have no legal foundation.
- Implications of the Barclay Review, the main one being reducing the Non-Domestic Revaluation from five years to three years.
- Dates for the next general rating Revaluation, noting that all 5,000+ entries in the Orkney and Shetland Valuation Rolls required to be revalued based on the level of value existing at 1 April 2022.
- Data migration to the new valuation system was completed in May 2021 and was currently being quality checked, including running both the old and new systems in tandem for a period of time in order to increase resilience and mitigation of any associated risks.

Councillor Barbara Foulkes sought clarification on whether COVID-19 appeals were currently parked, awaiting the outcome of deliberations by the Scottish Government, and also information on the Valuation Appeal Committee. The Assessor confirmed that all COVID-19 appeals were currently on hold, pending clarification on what the Scottish Government intended to do. The Valuation Appeal Committee was an independent organisation, comprising members of the public appointed by the Sheriff, with a secretary based in Shetland and an assistant secretary based in Orkney.

In response to a query from Councillor Alastair Cooper, the Assessor advised that, normally, the rating agents for Sullom Voe lodged an appeal every year in relation to plant no longer required. This often required several days of valuation time to confirm valuations, with the current valuation being £19.3 million.

Councillor John Fraser referred to the Barclay Review and, in particular, the potential for the Revaluation being reduced from five years to three, which would ultimately result in an increased workload, although a statutory obligation. He queried whether a request had been made in respect of island proofing that aspect. The Assessor was not aware of any impact assessment having been carried out, although he presumed it would have been carried out as part of the Barclay Review. The Board agreed to take on two apprentice valuers to address the compressed timescale, which would double the workforce once qualified, with four qualified staff not including senior staff.

The Executive Manager – Governance and Law, Shetland Islands Council, advised that the Barclay Review preceded the Islands Act and island proofing. Further, he was not sure whether the Board was one of the bodies which could ask for an Island Communities Impact Assessment to be carried out or, if one had not been done, to ask that it should. Further, if an Island Communities Impact Assessment had been carried out, and an appropriate body was not satisfied with the outcome, they could ask for a review, as well as requesting that a retrospective Island Communities Impact Assessment be completed. However, the Board had acted properly through the Assessor by preparing for implementation of the Barclay Review, namely increasing staffing resource.

The Clerk suggested that, in the first instance, a seminar be arranged, for the Board to explore all options, before any formal decision was taken in respect of island proofing in relation to the Barclay Review.

With regard to governance, the Assessor confirmed that, although a revised Complaints Handling Procedure, based on the Scottish Public Service Ombudsman's model procedure, as well as the revised Equalities Mainstreaming and Equalities Outcomes for 2021 to 2025, were available on the Board's website to meet statutory deadlines, the documents would be presented to a future meeting of the Board for formal approval.

With regard to the Shetland Office accommodation, the Convener queried whether the Board could continue to access additional rooms on the first floor of 20 Commercial Road, Lerwick, in order to comply with ongoing COVID-19 restrictions. The Executive Manager – Governance and Law, Shetland Islands Council, advised that his remit also included lead officer for emergency planning and, as such, that service had no immediate need to re-occupy the office space at 20 Commercial Road currently being occupied by the Board on a temporary basis. Shetland Islands Council was undertaking risk assessments with its staff to determine whether available office space was safe and secure for a return to work following the pandemic and whether there would be an increase or decrease in the number of staff in buildings.

Regarding the recent Scottish Parliamentary Election, in his role as Returning Officer, the Executive Manager – Governance and Law, Shetland Islands Council, commented how well the Assessor and Electoral Registration Officer and his team did, considering the circumstances, and the very effective engagement with election planning staff within Shetland Islands Council. They were regularly updated with detailed information, particularly regarding postal votes, with 90% of new applicants indicating a desire for a permanent change to postal voting. This may well lead to significant changes in planning for future elections. There was also the possibility of national organisations looking at the timetable in the run up to an election, given that postal voters could vote up to two weeks in advance of the date of the election, and the potential effect that had on candidates canvassing. The Convener commented that this had been noted for the recent Orkney North Isles By-election.

The Board noted the contents of the report setting out, in detail, matters relating to the preparation, maintenance and publication of the Valuation Roll, the Council Tax List and the Register of Electors, including main tasks completed in the six months between October 2020 and April 2021.

## **7. Best Value – Performance Report**

The Assessor and Electoral Registration Officer presented a report setting out the annual performance related targets and outcomes, in relation to the statutory valuation functions, for 2020/21.

The Assessor and Electoral Registration Officer advised this was the first performance report to be presented to the Board and addressed one of the recommendations from the external auditors in the 2019/20 annual report. The performance report also addressed one of the recommendations arising from the Governance review reported to the Board on 25 March 2021.

Performance related targets and outcomes for 2020/21 were shown in Appendix 1 to the report circulated, compared with the 2019/20 targets and outcomes and additionally with the average targets set by the remaining 13 Assessors in Scotland to ascertain the Orkney and Shetland performance as a means to establishing value for money. From March 2020 onwards, the impact of COVID-19 on continued active survey of dwellings had clearly had an adverse impact on performance outcomes. However, as restrictions eased, active survey of dwellings might resume, to different parameters as they existed in 2019/20.

Both historic and current targets broadly mirrored the average of all other Assessors' performance targets which showed that Orkney and Shetland were not out of line with the expectations of the Scottish Assessors Association's performance indicators. Although some Assessors had changed their targets, no change had been made to local targets; instead explanations were given for any discrepancies or variances. One example of this was, with low numbers of valuation staff, focus varied depending on the cycle of workload and, during 2019/20, the focus was on outstanding appeal resolution, with the consequence that general performance fell short of set targets.

Finally, with the Board undertaking three statutory functions on behalf of the two local valuation authorities, there was limited scope to reduce costs without impacting on the level of service provision to all stakeholders. However, comparing performance targets and outcomes to similar organisations in the Scottish Assessors Association could be seen as a gauge as to whether value for money was being achieved.

The Board noted the contents of the report.

## **8. Draft Annual Accounts for 2020/21**

The Treasurer presented the draft annual accounts, together with the annual governance statement, for 2020/21, for consideration and approval.

Regarding process, the Treasurer advised of the requirement to prepare an annual set of accounts which must be lodged with Audit Scotland by 30 June each year. The accounts were then subject to an external audit verification process which concluded with an independent opinion being expressed on the accuracy and/or quality of the financial statements.

Section 4 of the covering report set out the main issues arising from the Annual Governance Statement. Although no significant governance issues were reported during 2020/21, two issues arose between the reporting date and the date on which the prior year unaudited accounts for 2019/20 were authorised for issue. These related to the appointment of key office bearers and the independent review of governance arrangements. Both matters were resolved, following the appointment of a Clerk and a Treasurer during 2020 and the Improvement Service presenting its report on governance arrangements to the Board in March 2021.

Previously reported significant governance issues included the need to develop a Medium Term Financial Plan and recruitment options for the long term vacant post of Depute Assessor. Development of a Medium Term Financial Plan remained on the "to do" list, so would remain as an outstanding significant governance issue. The vacant post of Depute Assessor was initially put on hold pending the outcome of the stand-alone pay and grading model and, with the pending retirement of the Assessor in October 2021, the recruitment

process for both that post and the long term vacant post of Depute Assessor had recently commenced.

Section 5 summarised the main points arising from the draft Financial Statements, attached as Appendix 2 to the report circulated, which had been prepared in accordance with proper accounting practice. The management commentary was summarised at section 5.2 of the report, noting that the stand-alone pay and grading model was largely complete, although the Board was still to consider an outstanding matter later during this meeting.

The draft accounts included the primary financial statements, comprising the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Expenditure and Funding Analysis. Although the Balance Sheet was not in a strong position, the Treasurer reassured the Board that this related, in the main, to the net liability for pensions, which was a long term commitment of up to 20 years in which to crystallise, with a number of actuarial valuations and assumptions to occur over that time.

Net expenditure chargeable to the Board of £710,000 represented an underspend of £99,000 or 12% relative to a revised budget of £809,000. The underspend would be returned to the constituent local authorities as part of the annual requisition mechanism. While that demonstrated the Board was reliant on others for financial resources needed to cover operating costs, the going concern concept was met by the legal framework surrounding the Board which obliged the two local authorities to make available the required requisitions from them by the Board.

One final point to note was membership of the Board, detailed on page 1 of the draft accounts (Appendix 2), which required to be updated to reflect changes during the period covered by the accounts.

In response to a query from Councillor Allison Duncan on a timescale for production of the Medium Term Financial Plan, the Treasurer advised that a draft would be presented to the Board no later than the last meeting of the Board this calendar year, to coincide with the timescale for presenting the draft budget for 2022/23.

Councillor David Dawson drew members' attention to page 6 of the Annual Governance Statement (Appendix 1), relating to the significant governance issues, and highlighted the progress update. Bearing in mind previous adverse publicity surrounding governance within the Board, the findings of the independent review of governance arrangements, carried out by the Improvement Service and reported to the Board in March 2021, were positive, with no significant weaknesses identified. An action plan had been agreed to reaffirm respective roles and responsibilities and included member training.

The Board **approved**:

**8.1.** The Annual Governance Statement, comprising pages 9 to 16 of the draft Annual Accounts for financial year 2020/21.

**8.2.** The draft Annual Accounts for financial year 2020/21.

## **9. Exclusion of Press and Public**

On the motion of Councillor Andrew Drever, seconded by Councillor Barbara Foulkes, the Board resolved that the public be excluded for the remainder of the meeting, as the business to be considered involved the disclosure of exempt information of the class described in the relevant paragraph of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

## **10. Stand-alone Pay and Grading Model**

Under Section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 7A of the Act.

The Team Leader – HR Policy and Employment Support, Shetland Islands Council, presented a report on an outstanding matter relating to the stand-alone pay and grading model.

The Board thereafter resolved what action should be taken with regard to an outstanding matter relating to the stand-alone pay and grading model.

**The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.**



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## **11. Recruitment and Appointment Process**

Under Section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 7A of the Act.

The Clerk presented a report updating the Board on recruitment and appointment processes in light of the Assessor and Electoral Registration Officer advising of his retirement.

The Board noted the position and what action was being taken.

**The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.**

Councillor Robin W Crichton left the meeting during consideration of this item.

## **12. Conclusion of Meeting**

At 11:10 the Convener declared the meeting concluded.

Signed: