



# Orkney and Shetland Valuation Joint Board



## Minute

Thursday, 8 December 2022, 14:00.

Council Chamber, Lower Hillhead, Lerwick.

### Present:

#### Orkney Islands Council:

Dr Stephen G Clackson, John A R Scott, Kristopher D Leask, P Lindsay Hall and Dr Jean E Stevenson.

#### Shetland Islands Council:

Stephen Leask, Moraig Lyall, Andrea Manson, Gary Robinson and Arwed Wenger.

### Clerk to the Board:

- Karen A Greaves.

### In Attendance:

- Erik Knight, Treasurer to the Board.
- Darryl Rae, Assessor and Electoral Registration Officer.

#### Orkney Islands Council:

- Gavin Mitchell, Head of Legal and Governance.
- Hazel Flett, Service Manager (Governance).

### Chair:

- Stephen Leask, Shetland Islands Council, Convener of the Board.

## 1. Introduction and Apologies

The Convener welcomed everyone and reminded members that the meeting was being recorded and broadcast live over the Internet on Shetland Islands Council's website. The recording would also be publicly available following the meeting and available for listening to for 12 months thereafter.

Apologies had been intimated on behalf of Allison Duncan and Liz Peterson (both representing Shetland), with Moraig Lyall and Andrea Manson attending as substitutes.

## **2. Declarations of Interest**

No declarations of interest were intimated in respect of the business to be considered at this meeting.

## **3. Disclosure of Exempt Information**

The Board noted the proposal that the public be excluded from the meeting for consideration of Item 16, 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.

## **4. Minute of Previous Meeting**

There had been previously circulated the draft Minute of the Meeting of the Board held on 4 October 2022.

On the motion of Mr John Ross Scott, seconded by Dr Stephen Clackson, the Board **approved** the Minute of the Meeting of the Board held on 4 October 2022, as a true record.

## **5. Matters Arising Log**

There had been previously circulated a log detailing matters arising from previous meetings, together with a list of regular reports.

The Clerk advised that all actions from the previous meeting had been actioned, with the exception of follow up training for those who could not attend the session in November 2022. Arrangements were currently being made for another session in January 2023.

Regarding Action 4 (Shetland Office Accommodation – raised at meeting held on 30 June 2022), the Assessor advised that the latest update was included in the report at Item 12 on this agenda.

With regard to the “other” category included in the Performance Report (Action 5 from meeting held on 30 June 2022), the Assessor confirmed that there were 126 in Orkney and 69 in Shetland. “Other” covered miscellaneous subjects and related predominately to car park areas.

The Board scrutinised the log and took assurance that action had been taken where required.

## **6. Lessons Learned Review**

There had been previously circulated a report by the Clerk to the Board setting out the findings of the Lessons Learned exercise undertaken following the Annual Audit reports for 2020/21 and 2021/22.

The Clerk reminded members that the 2020/21 Annual Audit report and financial statements identified issues in relation to governance and decision making of the Board and, as a result, a report was presented by the Controller of Audit to the Accounts Commission for Scotland on 13 March 2022. That report recommended that ‘the VJB should undertake a comprehensive root-cause analysis and 'lessons learned' review given the number and significance of the issues identified during our audit’.

Since the publication of the Annual Audit 2020/21, good progress was reported by the external auditors in their annual report for 2021/22, with six of the nine recommendations from the previous audit assessed as fully implemented. The 2021/22 Annual Audit report did not identify any further recommendations in relation to the audit dimensions of Governance and Transparency, Leadership or Procurement.

Accordingly, the Lessons Learned review had been undertaken and a summary of the findings attached as Appendix 1 to the report by the Clerk, which were discussed with Board Members at an Information Session prior to this meeting.

The main findings of the review indicated that the main root cause which led to the governance issues related to a lack of clarity of roles and responsibilities and due to no formal arrangements in place for support services to the Board. The findings confirmed that the improvement actions arising from the 2020/21 audit would address all the issues identified and no further actions were identified.

The Clerk apologised for a typographical error in Appendix 1, whereby the date at Issue 8 should state September 2021 and not 2022.

In response to a query from Dr Stephen Clackson relating to Issue 11, the Clerk confirmed that the Board had formally appointed Orkney Islands Council's Human Resource service as advisers to the Board.

In response to a query from the Convener regarding the internal audit plan, the Clerk confirmed that an internal audit plan had been submitted to, and approved by the Board, with two internal audits about to commence. The Clerk undertook to recirculate the internal audit plan, for members' information.

Mr John Ross Scott referred to Issue 9 which, in his opinion, was the main failing, namely governance, and queried the Governance Action Plan. The Clerk advised that, in December 2020/January 2021, the Improvement Service undertook a governance review which resulted in the development of the Governance Action Plan – the findings of that governance review were very similar to that raised in the Annual Audit report, namely tailored governance documentation. The Governance Action Plan was a later item on the agenda.

Discussion then followed on good governance, including openness and transparency, but also the need for confidentiality, where required and necessary. Ongoing monitoring of improved governance would be evidenced through both internal and external audit, as well as the Board scrutinising and challenging business as presented, including performance. Assurance was provided that, as far as possible, all Board business would be held in public, although there would, on occasion, be a requirement to consider excluding the public, following advice from officers on the necessity for doing so.

The Convener concluded that the external auditors' report heard on 4 October 2022 was very heartening, including comments such as "a clear plan to enhance governance" and he congratulated both the Board and officers for the work undertaken to date.

The Board noted:

**6.1.** The recommendation from the Annual Audit Report 2020/21 which recommended that a 'Lessons Learned' exercise be undertaken.

**6.2.** That a Lessons Learned exercise had been undertaken, with the findings attached as Appendix 1 to the report by the Clerk to the Board.

The Board **approved**:

**6.3.** The findings of the Lessons Learned exercise.

## **7. Revenue Expenditure Monitoring**

There had been previously circulated a report by the Treasurer to the Board, advising of the revenue position of the Board as at 31 October 2022.

The Treasurer presented the revenue monitoring position as at 31 October 2022, which indicated a budget deficit of £13,200. This mainly related to an overspend on the requisition from Shetland Islands Council for 2021/22, which would be rectified by the December reporting period. The budget was profiled and monitored well, and the Treasurer was not expecting any “surprise” prior to the end of the financial year.

In response to a query from Mr Lindsay Hall regarding the projected outcome, the Treasurer advised that, although there were some variances, this was the first year the budget had been set and monitored through Orkney Islands Council’s systems and processes, therefore it was still a learning period to ensure profiling matched spend. There were some unknowns, particularly around utility costs.

In response to a query from Mr John Ross Scott regarding the Barclay review, the Assessor responded that some spend was included in the wider operational budget, rather than being reported separately. The Board had previously agreed to the establishment of two posts of Graduate Valuer to assist in the move from five yearly to three yearly valuations. The Medium Term Financial Plan spanned a wider period and there was some uncertainty whether the Scottish Government intended to continue with additional funding in that respect.

Dr Stephen Clackson queried the significant difference between the constituent authorities’ requisitions, and the Treasurer confirmed this related to the timing and profiling of the payments, with the requisition from Orkney Islands Council processed prior to October, and Shetland Islands Council’s requisition only coming through in November.

The Board noted:

**7.1.** The revenue financial summary statement, in respect of the Orkney and Shetland Valuation Joint Board, for the period 1 April to 31 October 2022, attached as Annex 1 to the report by the Treasurer to the Board, indicating a budget deficit position of £13,200.

The Board scrutinised:

**7.2.** The explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 2 to the report by the Treasurer to the Board, and obtained assurance that action was being taken with regard to significant budget variances.

## **8. Annual Audit Report 2021/22 – Action Plan**

There had been previously circulated a report by the Clerk to the Board providing an update on progress with the Action Plan arising from the Annual Audit Report on the 2021/22 Audit of the Board.

The Clerk advised that, between the 2020/21 and 2021/22 Annual Audit reports, five actions remained outstanding, with one of that actions now marked as complete (re-introduction of regular financial monitoring reports). Governance documentation continued to be developed and brought to the Board for approval. The skills analysis had been discussed at the development session held earlier in the day, as had the Lessons Learned exercise referred to previously.

The Board noted:

**8.1.** The updated Action Plan, attached as Appendix 1 to the report by the Clerk to the Board, which contained actions arising from the Annual Audit Report on the 2021/22 Audit.

**8.2.** That a further update on progress would be presented to the Board, at its meeting to be held in March 2023.

## **9. Governance Review – Action Plan**

There had been previously circulated a report by the Clerk to the Board providing an update on progress with the Action Plan arising from the review of governance arrangements for the Board.

The Clerk reminded members that the Improvement Service had been asked to undertake a review of governance arrangements for the Board. There were four outstanding actions on the resulting action plan. Action 1, Governance, mirrored a similar recommendation from the Annual Audit Report referred to earlier. The second action, Action 3, related to establishing a programme of seminars/information sessions to assist in building members' knowledge. The third action, Action 6, related to an induction programme, with some areas already covered, although a number of areas had been identified at the information session held earlier for discussion at future sessions. It was proposed to extend the target date for this action to June 2023 to ensure further sessions were delivered before the action was marked as complete. Regarding the final action, Action 12, relating to self-assessment, it was considered prudent to delay this until now and a development session had taken place at the information session in the morning. It was proposed that development sessions would be held twice a year going forward.

The Board noted:

**9.1.** The updated Action Plan arising from the review of governance arrangements, attached as Appendix 1 to the report by the Clerk to the Board.

**9.2.** That a further update on progress would be presented to the Board at its meeting to be held in March 2023.

On the motion of Dr Stephen Clackson, seconded by Mr Kristopher Leask, the Board **agreed:**

**9.3.** That the target date for Action 6 be amended to 30 June 2023.

## **10. Procurement of Legal Services**

There had been previously circulated a report by the Clerk to the Board providing an update on the procurement of legal services.

The Clerk advised that, on 18 November 2021, the Board delegated responsibility to the Clerk to commission the provision of legal advice to the Board, in liaison with the Heads of Legal Services at Orkney Islands Council and Shetland Islands Council, via a 'call off' contract.

The procurement and establishment of a legal services framework arrangement was carried out and concluded on 22 November 2022. The procurement process, undertaken by Orkney Islands Council on behalf of the Board, comprised an open quotation exercise advertised through the Public Contracts Scotland advertising portal and an advertisement placed in the local press. Following the deadline for submissions and evaluation process, which was carried out on the basis of the most economically advantageous tender (MEAT), a contract for the provision of legal services to the Board, as and when required, was awarded to the successful bidder, Brodies LLP, for a period of four years.

In response to a query from Mr John Ross Scott regarding Brodies LLP attending Board meetings, the Clerk confirmed that, following consideration of various options, the most advantageous was the "call off" procedure and built in the contract was the provision of training sessions. Brodies LLP would not, as a matter of course, attend all Board meetings, but would be in attendance when requested for specific items or for the delivery of training sessions.

The Board noted:

**10.1.** The requirement to formally confirm arrangements for Legal Services to the Board following the procurement exercise.

**10.2.** The appointment of Brodies LLP as legal advisors to the Board on 22 November 2022 for a period of four years.

## **11. Scheme of Delegation**

There had been previously circulated a report by Clerk to the Board proposing a Scheme of Delegation for consideration and adoption.

The Clerk advised that the document had been developed with reference to good practice in other Valuation Boards and aimed to ensure good governance in articulating decision-making mechanisms for the Board and Officers. A consultation draft was considered by the Board on 4 October 2022 and further consultation was subsequently undertaken with Officers of the Board and appropriate support officers from the constituent Councils. No major changes were recommended. If approved, it was proposed that a review of the Scheme of Delegation be undertaken following 12 months of operation to ensure the document was fit for purpose and any proposed changes subsequently submitted to the Board for consideration.

Should the Board approve the principles included in the draft Scheme of Delegation, it was proposed that powers be delegated to the Clerk to finalise and publish the document. This would include regrouping the various delegations under themes, such as staffing, to make the document more user friendly for Officers when operating the delegation.

The Convener proposed that, for consistency, any consultation should be with both the Convener and the Depute Convener of the Board, rather than and/or, and that the delegations numbered 4.2(32), 4.2(39) and 6(4)(ii) be amended accordingly.

The Board noted:

**11.1.** That, on 4 October 2022, the Board noted that a draft Scheme of Delegation had been developed, with reference to good practice in other Valuation Boards, for consultation with Board Members and Officers.

**11.2.** That consultation on the draft Scheme of Delegation had been undertaken and no substantive changes were proposed.

**11.3.** That, if approved, a review of the Scheme of Delegation would take place following 12 months of operation.

On the motion of Dr Stephen Clackson, seconded by Mr Lindsay Hall, the Board **resolved**:

**11.4.** That, in principle and subject to the amendment referred to above, the Scheme of Delegation to Officers, attached as Appendix 1 to the report by the Clerk to the Board, be approved.

**11.5.** That powers be delegated to the Clerk to finalise and publish the Scheme of Delegation to Officers, referred to at paragraph 11.4 above.

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

There had been previously circulated a report by the Assessor and Electoral Registration Officer presenting a progress update, as required by the Board's Best Value Regime, for the reporting period April to September 2022.

The Assessor advised that the progress report was submitted every six months, with this report covering activities during the period April to September 2022, together with upcoming activities in the period October 2022 to March 2023. The main areas to note were as follows:

- Electoral Registration:
  - Annual Canvass.
  - Community Council elections.
  - Local Government By elections.
  - Main service priorities, including a major software update to the Electoral Management System, Elections Act 2022, including implications of voter ID for certain elections, and the annual ongoing electoral registration.
- Council Tax – low number of appeals, with one outstanding appeal across Orkney and Shetland as at 30 September 2022.
- Non-Domestic Rating:
  - Maintenance of the Valuation Roll.
  - Non-Domestic Rating Reform.

- 2023 Valuation – over 5,000 entries requiring to be revalued within a significantly compressed timetable. Draft valuations were required by 30 November 2022 with final valuations to be issued in March 2023, with interested parties having the ability to make representations in the interim period.
- Shetland office accommodation:
  - Some measures taken to alleviate space and layout issues at 20 Commercial Road, including removal of superfluous furniture and IT equipment, disposal of paper records in line with Records Management Plan and retention arrangements and desk space reconfigured in reception area.
  - Preference of management and employees was to remain at 20 Commercial Road and contact made with Shetland Islands Council to consider whether any further reconfiguration options on site were possible.

In response to various queries regarding voter ID, the Assessor advised that, just now, this only related to Westminster elections, therefore public awareness was required, as it would cause confusion. Activities within polling stations was not within the remit of the Electoral Registration Officer (ERO); the main changes relating to voter ID for the ERO service would be changes to processes and cut off points. Regarding the types of identification which would be acceptable, the Assessor confirmed that the role of the ERO would be to provide a Voter Authority Certificate for any voter who did not hold an acceptable form of photographic identification. Voter ID was expected to become compulsory in certain elections from April 2023, although this was still to be confirmed.

The Convener highlighted the Electoral Commission's Welcome to Your Vote Week 2023, which was due to take place from 30 January to 5 February 2023, an initiative to encourage schools, colleges and youth groups to sign up and get involved in promoting electoral registration to young people to encourage first time registration.

The Board scrutinised the progress update and took assurance.

Mr Gary Robinson left the meeting at this point.

### **13. Risk Register**

There had been previously circulated a report by the Assessor and Electoral Registration Officer presenting an updated risk register.

The Assessor advised that the risk register was last reviewed on 18 November 2021. The existing risk register was subject to only minor amendments at this latest review, with the most notable being a change in risk scoring at Risk 2.2 (section 2 Finance) to reflect unprecedented rises in costs due to economic or political climate unforeseen at the time of budget setting.

Dr Jean Stevenson was intrigued at the inclusion of a risk relating to large scale resignation, due to a lottery or pools syndicate risk. The Assessor confirmed that the risk was probably low; however the risk register was certainly comprehensive and detailed.



Mr John Ross Scott referred to risk 3.3, attempted breach of security through hacking or viruses, and was concerned it had a Red RAG status. The Assessor confirmed that the Red RAG status related to the inherent risk. Mitigations and controls are applied to inherent risks with the aim to arrive at a lower residual level. The residual risk rating for this risk was reduced to Green.

The Board scrutinised the Risk Register and took assurance.

## **14. Date of Next Meeting**

It was noted that the next meeting was scheduled for 2 March 2023 to be held virtually.

Provisional dates for future meetings were as follows:

- 29 June 2023 (to include draft Annual Accounts for 2022/23) – in Orkney.
- 28 September 2023 (to include External Audit Annual Audit Report and final Annual Accounts for 2022/23) – virtual meeting.
- 14 December 2023 – in Shetland.

Following discussion on practicalities of attending in person, including officers as well as Board members, and further training sessions, it was agreed that the next meeting scheduled for 2 March 2023 be held in person in Orkney, with the venue of the remaining meetings for 2023 to be discussed at the June meeting.

## **15. Exclusion of Public**

On the motion of Mr Stephen Leask, seconded by Dr Stephen Clackson, 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 classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

Prior to consideration of the next item, the Convener sought the Board's view on the Assessor remaining during consideration of that item, as it did not relate specifically to him. The Board agreed that the Assessor should remain in the meeting.

## **16. Staffing Matters**

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.

There had been previously circulated a report by the Clerk to the Board setting out a recruitment process for the post of Assessor and Electoral Registration Officer (ERO).

The Board **resolved**:

**16.1.** That membership of the recruitment panel for the post of Assessor/ERO should compromise the following members:

- Voting Members:
  - Convener.

- Depute Convener.
- One other Board Member plus a substitute (if required).
- Non-voting members:
  - Clerk to the Board.
  - Professional Advisor.
  - HR Advisor.

**16.2.** That Mr Lindsay Hall and Mr Kristopher Leask be appointed as the one other Board member and the substitute respectively on the recruitment panel.

**16.3.** That the Board proceed to recruit to the post of Assessor/ERO.

**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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## **17. Conclusion of Meeting**

At 15:30 the Convener declared the meeting concluded.

Signed: Stephen Leask.