AUDITED ACCOUNTS



GRAMPIAN VALUATION JOINT BOARD

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

If you need information from the Moray Council in a different language or format, such as Braille, audio tape or large print, please contact:

إذا كنتم في حاجة إلى معلومات من قبل مجلس موراي وتكون بلغة مختلفة أوعلى شكل مختلف مثل البراي، أسطوانة أوديو أو أن تكون مطبوعة باستعمال حروف غليظة فالرّجاء الإتّصال ب

Jei pageidaujate tarnybos Moray tarybos teikiamą informaciją gauti kitokiu formatu, pvz., Brailio raštu, garso įrašu ar stambiu šriftu, kreipkitės:

Jeśli potrzebują Państwo informacji od Rady Okręgu Moray w innym formacie, takim jak alfabet Braille'a, kasety audio lub druk dużą czcionką, prosimy o kontakt:

Se necessitar de receber informações por parte do Concelho de Moray num formato diferente, como Braille, cassete áudio ou letras grandes, contacte:

Ja Jums vajadzīga informācija no Marejas domes (*Moray Council*) citā valodā vai formātā, piemēram, Braila rakstā, audio lentā vai lielā drukā, sazinieties ar:

اگرآپ کو مورے کونسل سے کسی دیگر زبان یا صورت میں معلومات درکار ہوں مثلاً" بریلے، آڈیو ٹیپ یا بڑے حروف، تو مہربانی فرما کر رابطہ فرمائیں: :

Treasurer to the Board, Financial Services, High Street, Elgin, IV30 1BX

01343 563125

accountancy.support@moray.gov.uk

Contents

MANAGEMENT COMMENTARY 1
STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS 9
ANNUAL GOVERNANCE STATEMENT 11
REMUNERATION REPORT 21
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2026 28
MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2026 29
BALANCE SHEET AS AT 31 MARCH 2026 30
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2026 31
NOTES TO THE ACCOUNTS 32
Note 1 Accounting Policies 32
Note 2 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted 34
Note 3 Critical Judgements in Applying Accounting Policies 34
Note 4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty 34
Note 5 Material Items of Income and Expenditure 36
Note 6 Events After The Reporting Period 36
Note 7 Expenditure and Funding Analysis and Adjustments between Accounting Basis and Funding Basis under Regulations 37
Note 8 Expenditure and Income Analysed by Nature 39
Note 9 Earmarked Portions of the General Fund 40
Note 10 Financing and Investment Income and Expenditure 40
Note 11 Property, Plant and Equipment 40
Note 12 Short Term Debtors 43
Note 13 Cash and Cash Equivalents 44
Note 14 Short Term Creditors 44
Note 15 Other Long Term Liabilities 44
Note 16 Financial Instruments 44
Note 17 Usable Reserves 46
Note 18 Unusable Reserves 46
Note 19 External Audit Costs 49
Note 20 Cashflow – Analysis of Net Deficit on the provision of services for non cash movements 49
Note 21 Requisition and Grant Income 49
Note 22 Leases 51
Note 23 Related Parties 52
Note 24 Defined Benefit Pension Scheme 53
GLOSSARY OF TERMS 62
Independent auditor's report 64

MANAGEMENT COMMENTARY

Strategy and objectives

The Assessor & Electoral Registration Officer is responsible for the provision of valuation assessment and registration services across the Aberdeen City Council, Aberdeenshire Council and Moray Council areas.

These services, which are strictly defined and regulated by statute, are delivered by the Assessor & Electoral Registration Officer, as an independent statutory official, in partnership with the Grampian Valuation Joint Board. The Board is an independent local government body established by The Valuation Joint Boards (Scotland) Order 1995 and comprises members from each of the three constituent authorities. The Board is required to appoint and resource an Assessor. The constituent authorities are required to appoint and resource an Electoral Registration Officer (ERO) and, by mutual agreement, the Board fulfills this obligation on behalf of the local authorities. The Board's costs are apportioned between the councils based on the respective population of each council area.

The objectives for 2025/26 were to:

- Implement a full household canvass
- Publish revised registers of electors
- Maintain a complete and accurate Valuation Roll in terms of the Local Government (Scotland) Act 1975
- Implement a revaluation of all non-domestic properties
- Maintain a complete and accurate Council Tax Valuation List in terms of the Local Government Finance Act 1992

Monitoring regimes

The Electoral Commission maintains a UK-wide performance standards framework applicable to all Electoral Registration Officers (EROs). Statistical returns are submitted annually to the Commission following completion of the annual canvass and the subsequent publication of revised electoral registers.

Non-domestic proposal and appeal resolution returns are submitted quarterly to the Scottish Government, which subsequently publishes both local and national datasets.
Key performance indicators to monitor performance in relation to the updating of the Council Tax Valuation List and the Valuation Roll are set triennially by the Board and are reported quarterly to the Board and annually to the Scottish Government.

Business model

The organisation fulfils its statutory obligations through a dual-strand operating model where the Board provides the financial resources and oversight and the Assessor & ERO provides the specialised and independent professional services of valuation assessment and electoral registration. The organisation operates a hybrid working model comprising both home-based and office-based working arrangements and maintains staffed office facilities in Aberdeen, Banff and Elgin.

The Assessor & ERO and his staff work in close collaboration with fellow Scottish Assessors and EROs through the Scottish Assessors' Association (SAA). This partnership working aims to deliver a service across the Aberdeen City, Aberdeenshire and Moray council areas that is consistent with that being delivered across all other local authority areas in Scotland. The SAA provides a well-stablished platform for shared expertise, collective representation and

MANAGEMENT COMMENTARY (continued)

coordinated service delivery. Through the SAA web Portal it supports a wide range of stakeholders including citizens, businesses, third sector organisations, public bodies, government agencies and research bodies and represents a strong example of effective shared service provision across Scotland.

Appeal outcome data and associated performance indicators are used to assess the effectiveness of the organisation's valuation assessment functions, while registration performance is monitored in accordance with the Electoral Commission's established performance standards framework.

The organisation met the demands placed upon it in terms of its valuation assessment and electoral registration duties during the 2025/26 financial year.

Key performance indicators (KPI)

The organisation's code of corporate governance establishes a structured framework for the reporting of key performance indicators and a triennial review cycle. These KPIs are designed to quantify the effectiveness of the organisation's core activities in relation to the Valuation Roll for non-domestic property assessments and the Valuation List for domestic property council tax band allocations. The Assessor & ERO provides quarterly performance reports to the Board and an annual public performance report is published online at the end of every calendar year, following the publishing of the annual accounts. KPI targets for the three-year period from 2024/25 onwards were agreed by the Board at its January 2024 meeting. The KPI outcomes for 2025/26 are shown in the "Maintain a complete and accurate Valuation Roll in terms of the Local Government (Scotland) Act 1975" and the "Maintain a complete and accurate Council Tax Valuation List in terms of the Local Government Finance Act 1992" sections below.

A review of the organisation's priorities and operations

Full household canvass

The 2025 canvass commenced in July 2025, extending through to November 2025. It used the established method of firstly using a data matching exercise to determine the appropriate approach to be taken on a household-by-household basis.

The annual canvass process incorporated a data matching exercise, comparing the electoral registration database with government records. The outcomes of this exercise were returned to the Electoral Registration Officer (ERO) and used to determine the appropriate canvass approach for each household.

Where the data indicated no change in household composition, a canvass communication was issued providing a summary of the existing registration details. Households were advised to respond only where changes were required, thereby streamlining the process and reducing unnecessary contact.

In cases where the data suggested that changes to household composition may have occurred, a more detailed canvass process was applied. This required a response from the household and, where necessary, follow-up action by the ERO to ensure the accuracy and completeness of the electoral register. Properties requiring personal contact were visited by members of the canvass team to maximise response rates and support compliance with statutory requirements.

MANAGEMENT COMMENTARY (continued)

For the 2025 canvass, the organisation made increased use of electronic communications, contacting over 117,000 households through digital channels, a significant increase from the 90,000 in 2024. This approach contributed to efficiencies in both staffing and financial resources, while also reducing the volume of printed materials issued and improving the timeliness and accessibility of communications with electors.

During the course of the 2025 canvass, a total of 305,332 canvass communications were issued by post, a decrease compared to the 332,005 issued in 2024, and well below the numbers issued prior to the introduction of the reformed canvass model. Canvass staff made over 45,000 personal visits to households during the canvass period and over 7,600 personal contacts were made by telephone.

Publication of revised registers of electors

Revised registers were published on 1 December 2025 following the completion of the annual canvass, and revised registers were also published on 1 February 2026 following the implementation of boundary changes for Scottish Parliamentary constituencies. The table below provides a summary of the revised registers for local government and Scottish Parliament elections published following the previous three annual canvasses. The revised registers showed a slight increase in the number of registered electors and a decrease in the number of electors with postal votes.

Revised registers	Number of electors	Number of postal voters
1 December 2023	452,084	117,065
1 February 2025	454,284	113,064
1 December 2025	457,282	107,900

During the period from 1 February 2025 to 31 December 2025, 38,690 additions and 35,664 deletions were made to the registers. During the same period, 35,975 initial invitations to register (ITRs) were issued along with 27,610 first and second reminders, and staff carried out ITR visits to 18,545 properties.

Revaluation of all non-domestic properties with effect from 1 April 2026

A nationwide revaluation of all non-domestic properties in Scotland came into effect on 1 April 2026. This statutory exercise required the reassessment of approximately 260,000 non-domestic properties across Scotland, with each property assigned a new rateable value based on estimated rental values as at 1 April 2025 (the “tone date”).

In advance of the revaluation, Scottish Assessors published a draft valuation roll on 30 November and issued draft valuation notices. This provided ratepayers and stakeholders with an early indication of proposed valuations and an opportunity to engage with the process in advance of the final valuation roll.

Within the Grampian area, over 30,000 subjects were revalued as part of this exercise. In total, more than 44,000 valuation notices were issued to proprietors, tenants, and occupiers at both the draft and final stages. This reflects the scale and complexity of the revaluation process and the significant operational effort required to ensure its successful delivery.

The process presented a particular challenge due to the relatively short period between the tone date and the publication of the draft valuation roll. This compressed timetable placed considerable demands on available resources, requiring careful prioritisation, effective project

MANAGEMENT COMMENTARY (continued)

management, and the adoption of flexible working practices to ensure statutory deadlines were met. The organisation responded by deploying resources strategically, enhancing

internal coordination, and engaging collaboratively through the Scottish Assessors' Association to develop practice notes to share best practice and maintain consistency of approach.

Despite these challenges, the revaluation was successfully implemented within the required timescales. Processes were applied throughout to support the accuracy and consistency of valuations, and appropriate arrangements were in place to manage enquiries at both the draft and final stages.

Maintain a complete and accurate Valuation Roll in terms of the Local Government (Scotland) Act 1975 & Maintain a complete and accurate Council Tax Valuation List in terms of the Local Government Finance Act 1992

These two priorities are measured using quantitative, target-based performance indicators rather than qualitative measures. Meeting these targets depends partly on the timely receipt of information from external parties, including owners and occupiers of both domestic and non-domestic properties. As a result, the figures may not always provide an accurate reflection of the organisation's actual performance. During the past year, factors including the number of valuer vacancies, the demanding proposal disposal timetable, the audit of self-catering properties and it being a year of revaluation, significantly impacted the organisation's capacity to meet the timescales set out in the key performance indicators. The figures for the past three years are shown in the tables below.

Valuation Roll – number of alterations made to Valuation Roll/time taken from effective date of alteration to Valuation Roll to date of issue of valuation notice (KPIs)

Year	< 3 months		3-6 months		> 6 months		Total Number
	Number	%	Number	%	Number	%	
2023/24	915	36.0	424	16.7	1,206	47.4	2,545
2024/25	542	27.8	303	15.5	1,105	56.7	1,950
2025/26	606	30.7	356	18.0	1,015	51.3	1,977
Target		**65**		**20**		**15**	

Council Tax – number of dwellings entered into Valuation List/time taken from date of entry in Valuation List to date of issue of valuation notice (KPIs)

Year	< 3 months		3-6 months		> 6 months		Total Number
	Number	%	Number	%	Number	%	
2023/24	1,961	64.7	507	16.7	563	18.6	3,031
2024/25	2,109	67.8	497	16.0	505	16.2	3,111
2025/26	1,341	71.4	363	19.3	175	9.3	1,879
Target		**94**		**3**		**3**	

MANAGEMENT COMMENTARY (continued)

Despite the challenges faced during the year, particularly the level of valuer vacancies, the organisation has continued to meet its statutory obligations to maintain both the Valuation Roll and the Valuation List. The figures in the tables above indicate a slight positive trend in performance, but the specific circumstances and pressures of each year provide important additional context.

Future challenges

The priority for the next year is, as always, to continue to fulfil our statutory duties across all three service strands: council tax, valuation for rating, and electoral registration.

The 2026-27 budget announcement saw the Scottish Government commit to introducing two new council tax bands for properties with a value over £1 million. This change will apply up-to-date values only to those properties valued at over £1 million, while the wider Council Tax framework will remain unchanged. The new bands will take effect from 1 April 2028. This is a major piece of work for Assessors and the Scottish Government has already provided funding to allow the preparatory work to commence. Through the work of the Scottish Assessors' Association Domestic Properties Committee, Assessors continue to collaborate in identifying and sharing best practice for this task. This includes ongoing consideration of how resources can be most effectively deployed to support the delivery of this new workstream.

In relation to valuation for rating, work will soon commence to program the disposal of proposals lodged following the 2026 revaluation. The continuing level of vacancies in the valuation team will make this task acutely challenging. The recruitment of suitably qualified professional staff has continued to be a particular difficulty for the Grampian Assessor but work to promote career opportunities in Assessors' offices is well underway at a national level. In the meantime, we are still actively trying to recruit, and vacancies remain advertised on our website.

The year ahead is another demanding one in relation to electoral registration. Following on from the Scottish Parliament election, a number of by-elections will take place during 2026, In addition, legislative changes to allow electors at devolved elections to apply online for absent votes has now been passed and this change will be implemented before the end of the calendar year. With the planned local council elections in May 2027, 2026/27 will be another busy and challenging year on the electoral front. Advance planning and operational agility will be crucial.

Principal risks and uncertainties

The organisation maintains an operational and strategic risk register, which is subject to continuous monitoring and regular review by the management team. The principal risks and uncertainties arise from the evolving nature of valuation assessment and electoral registration statutory frameworks, as well as ongoing challenges relating to financial resources and, in particular, the recruitment and retention of suitably qualified valuation professionals necessary to sustain service delivery. Cyber security remains a persistent and high-profile risk; accordingly, the provision of IT services by Aberdeenshire Council, together with the support of its IT team, constitutes a key component in mitigating risks to the organisation.

In addition to standard control measures relating to financial and operational planning, the Assessor & ERO and the management team continue to mitigate risk and uncertainty through collaborative working with the Scottish Assessors' Association (SAA) and other

MANAGEMENT COMMENTARY (continued)

external bodies. The Assessor & ERO holds key roles within the SAA, including Chair of the Basic Principles Committee, and Vice-Chair of the Electoral Registration Committee. The Assessor & ERO also serves as a member of the Electoral Management Board for Scotland and the UK Government's Nations Review Group.

Supported by the management team's representation across all SAA committees, the organisation is well positioned to monitor developments and effectively respond to challenges arising from changes to its valuation assessment and electoral registration functions.

Financial Performance

Revenue Expenditure

The Grampian Valuation Joint Board, at its meeting on 31 January 2025, approved the 2025/26 Revenue Budget of £5.699m (2024/25 £5.178m), an increase of 10%. The requisitions to constituent authorities were set at £5.399m (2024/25 £5.022m) with approved use of reserves of £0.300m.

The Joint Board receive quarterly Revenue Monitoring reports during the year in order to keep the board members fully informed as to the latest position, and projected outturn.

The actual net expenditure in 2025/26 was £5.038m (2024/25 £4.167m) resulting in an underspend of £0.536m for the year. Of this total, £0.050m was transferred to the NDR Reserve and £0.016m was transferred to the General Fund Reserve, while £0.143m was transferred from the earmarked reserve for Electoral Integrity Programme (EIP) and used in the year.

The Board continues to apply IFRS 16 Leases, with the office accommodation at Woodhill House recognised on the Balance Sheet as a right-of-use asset with a corresponding lease liability. As in the previous year, the lease payment is no longer included within service expenditure. Instead, this is reflected as lease interest and principal repayments below the service line in accordance with accounting standards. This means that while there is an apparent underspend within the service budget, this relates to a change in the accounting treatment rather than a reduction in underlying costs. After taking account of IFRS 16 lease payments for Woodhill House of £0.125m, the remaining balance of £0.313m is available to return to constituent authorities.

The Comprehensive Income and Expenditure Statement shows a deficit of £0.172m on the provision of services for the year. After allowing for the reversal of statutory charges for International Accounting Standard 19 Employee Benefits (IAS19) of (£0.068m), depreciation totalling (£0.146m) and IFRS 16 Leases principal £0.119m this leaves the net £0.077m to be transferred in from reserves: £0.050m to the NDR Reserve, £0.143m from the EIP Reserve and £0.016m to the General reserve.

The following table shows a summary of the figures for the main variances between budget and actual for the year to 31 March 2026. These figures are monitored and reported to the Board throughout the year, and exclude accounting adjustments related to pensions, short-term accumulating absences and depreciation. Actual under/overspends are explained in the detailed variance analysis below.

MANAGEMENT COMMENTARY (continued)

2024/25 Actual £000		2025/26 Budget £000	2025/26 Actual £000	2025/26 Variance £000
3,530	Employee Costs	4,059	3,806	(253)
233	Property Costs	266	253	(13)
53	Transport Costs	50	57	7
775	Supplies and Services	1,155	1,002	(153)
71	Support Service Recharges	65	74	9
(97)	Interest and Investment Income	(4)	(68)	(64)
(398)	Government Grants and other Service Income	(17)	(86)	(69)
4,167	**Net (Under)/Overspend Against Budget**	5,574	5,038	(536)
	Funded by:			
(5,022)	Requisitions	(5,399)	(5,399)	-
-	Approved use of Reserves	(300)	(143)	157
(855)	**Outturn for the year**	**(125)**	**(504)**	**(379)**
125	Add: IFRS 16 Lease Interest and Principal	125	125	-
(730)	**Adjusted Outturn for the year**	-	**(379)**	**(379)**

The main variances from budget during the year were:

- **Employee Costs**
  - Employee costs were underspent by £0.253m. This was mainly due to vacancies and part-year vacancies throughout the year, largely due to staff vacancies and ongoing challenges in recruiting suitably qualified staff.

- **Property Costs**
  - Property costs were under budget by £13,000 overall, after the £125,000 IFRS 16 lease adjustment is taken into account.
  - Repairs and Maintenance costs are £0.018m under budget reflecting lower than anticipated expenditure during the year.

- **Supplies and Services**
  - Postages and ER Printing costs are £0.156m under budget.
  - Valuation Appeals had an underspend of £0.015m.
  - There was an overspend of £0.031 in Other Supplies & Services, primarily due to SAA Portal Contributions for 2025/26.

- **Interest and Investment Income**
  - The £0.064m variance in interest income is mainly due to favourable interest rates during the year.
  -
- **Government Grants**
  - £0.050m of the variance in Government Grants is for the Electoral Integrity Programme funding received as a redetermination for the Council in 2025/26.

- **Approved use of reserves**
  - Due to the above variances, the approved use of reserves was not required.

MANAGEMENT COMMENTARY (continued)

General Reserve

The General Reserve balance at 31 March 2026 is £0.254m, with an additional £0.567m and £0.282m earmarked for the NDR reform Implementation and the Electoral Integrity Programme respectively.

Going Concern

The Balance Sheet at 31 March 2026 shows an excess of assets over liabilities of £1.525m (net asset of £1.562m at 31 March 2025). The North East Scotland Pension Fund is required to carry out actuarial valuations every three years. Future actuarial valuations of the North East Scotland Pension Fund will consider the appropriate employee/employer's rate to meet the commitments of the Fund and the constituent authorities of the Board are required to fund the liabilities of the Board as they fall due. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of these Annual Accounts.

Donald Gatt

Councillor Donald Gatt
Convener
30 October 2026

Mark J Adam

Mark J Adam MRICS AEA (Cert)
Assessor & Electoral Registration Officer
30 October 2026

Jamie Fraser

Jamie Fraser FCCA
Treasurer
30 October 2026

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

The Board's Responsibilities

The Board is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Board has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In the Valuation Joint Board, that officer is the Treasurer to the Board;

- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014) and the Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2021, and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government Scotland Act 2003);

- approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Board at its meeting on

Signed on behalf of the Grampian Valuation Joint Board

Donald Gatt

Councillor Donald Gatt
Convener

30 October 2026

The Treasurer's Responsibilities

The Treasurer to the Board is responsible for the preparation of the Board's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Accounting Code).

In preparing these annual accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation;
- complied with the local authority Accounting Code (in so far as it is compatible with legislation);
- kept adequate accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Board at the reporting date and the transactions of the Board for the year ended 31 March 2026.

Jamie Fraser

Jamie Fraser FCCA
Treasurer

30 October 2026

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

The Board was established in terms of The Valuation Joint Boards (Scotland) Order 1995 and is the valuation authority for Aberdeen City Council, Aberdeenshire Council and Moray Council. The Board is responsible for the provision of valuation assessment services for local taxation purposes. Through an agreement to share services, the Board also provides electoral registration services for the same three constituent authorities.

The Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must ensure that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Board is considered to be a local authority in terms of the Local Government etc. (Scotland) Act 1994 and has a duty to deliver continuous improvement as set out in the Local Government in Scotland Act 2003. In discharging this overall responsibility, the Board is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its valuation and registration functions. This includes arrangements for the management of risk.

Responsibility for delivery - members and officers

In terms of the above Order, the Board membership comprises 6 members appointed by Aberdeen City Council, 6 members appointed by Aberdeenshire Council and 3 members appointed by Moray Council.

To fulfil its operational role, the Board is responsible for the appointment of an Assessor, and deputes as appropriate, in terms of section 27 of the Local Government etc. (Scotland) Act 1994.

The Assessor is also appointed as the Electoral Registration Officer (ERO) for the Board's three constituent authorities. This too is a statutory position with the ERO and Deputes appointed in terms of section 8 of the Representation of the People Act 1983.

In practice the Assessor and Deputes manage the provision of valuation assessment and electoral registration services on a day-to-day basis, with the Board providing resources, a governance framework and a monitoring regime for financial and operational performance.

The Board has approved and adopted a Local Code of Corporate Governance that is reviewed regularly to ensure continued alignment with the principles of good governance contained within the CIPFA/SOLACE framework and associated guidance and is available for viewing at (www.grampian-vjb.gov.uk).

The purpose of the governance framework

The governance framework comprises the systems, processes, cultures and values by which the Board is directed and controlled, and the activities used to engage with the community. It enables the Board to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective valuation assessment and registration services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level, and provide reasonable, but not absolute, assurance that the statutory requirements of the Assessor and ERO are met and policies, aims and objectives can be delivered. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board's policies, aims

ANNUAL GOVERNANCE STATEMENT (continued)

and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework
The key elements of the systems and processes that comprise the Board's governance arrangements are described in terms of the seven principles of good governance defined in the framework and summarised as follows:

Governance Principle 1 - behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
The Board's code of conduct provides a clear standard in terms of conduct and behaviour, as does the Board's personnel-related policies that deal with mainstreaming equalities into the fabric of the organisation, dignity of the individual, whistleblowing, special leave and personal development. These policies go beyond behavioural matters and reflect the positive approach to workforce development to the extent that career development schemes are in place across all three service strands: non-domestic property valuation assessment, domestic property valuation assessment and electoral registration. As such, career pathways are available to almost all staff.

In order to avoid duplication, the Board relies on the registers of interests and gifts maintained by the relevant constituent authorities for elected members. A register of interests has been established for all employees and a register of gifts is also maintained. The Assessor & ERO and Deputes are bound by the policies of the Board and must also adhere to the professional standards regime set by the Royal Institution of Chartered Surveyors (RICS). The Management Team make fresh declarations of interest annually.

Issues relating to actions taken or not taken by officials can be addressed through the organisation's complaints handling procedure. This procedure was updated in 2021 following the revision of the national Complaints Handling Procedures (CHP) scheme by the Scottish Public Services Ombudsman.

The Assessor & ERO works closely with the Electoral Commission, the Electoral Management Board for Scotland and Police Scotland. If necessary, suspected fraudulent registration or absent vote applications are referred to the Police Scotland single point of contact (SPOC).

Governance Principle 2 - ensuring openness and comprehensive stakeholder engagement.
The Board's decision-making processes are well established with decisions concerning finance, performance and governance being taken by the Board. Standing orders and regulations govern how decisions are made and appropriate legal, financial and other professional advice is considered as part of the decision-making process.
At an operational level, stakeholder involvement falls within the domain of the Assessor & ERO.

The ERO and the Principal Admin Officer attend regular meetings with other ERO colleagues and the Electoral Commission as part of an electoral registration communications and outreach network. One of the principal aims in attending these meetings is to develop best practice in how to engage with underrepresented groups, put relevant information into the consciousness of electors and to learn from the experiences of others.

The voting information pages on the Board's website continues to be updated so users can easily access information or application forms for the service or action that they require. These

ANNUAL GOVERNANCE STATEMENT (continued)

pages were updated throughout 2025/26, particularly to provide electors with pertinent information in relation to the Scottish Parliament election.

The Board's performance management framework is reviewed regularly to drive continuous improvement and ensure effective monitoring of progress and outcomes against stated objectives. Reporting arrangements include regular updates to the Board, the Electoral Commission and the Scottish Government, and online publication of annual performance reports.

Protocols are in place to meet requests made under the Freedom of Information Act and, through the Scottish Assessors' Association, Assessors have established procedures to improve the response standards where common requests for information are made.

As part of the Equalities mainstreaming regime, some progress has been made towards capturing employee and service user feedback via our website that will inform future service design and delivery.

Governance Principle 3 - defining outcomes in terms of sustainable economic, social and environmental benefits.
The Board, being focussed around delivery of specialised valuation and electoral registration services, has a limited role to play in the wider community planning aspects anticipated by the governance framework set out by CIPFA/Solace. The Board is therefore conscious of the need to ensure that its mode of operation and the delivery of the valuation and registration services reflect the responsibilities towards the communities in Grampian in terms of devolved service delivery models that support the sustainability of communities across the whole region and minimise natural resource demands. In terms of the two specialised services the Board delivers, they are foundation stones to local government and democracy at local, national and international levels, as they provide the means to raise local taxation and to conduct elections/referendums.

Operational outcomes for these services are essentially driven by statute, and it is pertinent to this governance principle to note that reform of local taxation and electoral registration continues, with a view to improving sustainability and increasing economic and social benefits.

As noted above, the implementation of local taxation reform continues, particularly due to the introduction of two new high-value council tax bands with effect from 1 April 2028 for properties with an up-to-date value of over £1 million. Through the work of the various committees of the Scottish Assessors Association, the Assessor and his team continue to work with other stakeholders to ensure that any changes that may be implemented at a local and national level is sustainable and effective.

Electoral registration officers, through the SAA Electoral Registration Committee, were represented on various groups involved in the development and implementation of the Elections Act 2022 and the Scottish Elections (Representation and Reform) Act 2025. Scottish EROs are also represented in the Nations Review Group which provides feedback and views on the UK Government's ongoing electoral reform plans.

Governance Principle 4 - determining the interventions necessary to optimise the achievement of intended outcomes.
As a specialised outcome-orientated organisation, our activities of producing, maintaining Valuation Rolls, Valuation Lists and Electoral Registers essentially drive the organisation's agenda. The Board and the Assessor & ERO recognise the financial challenges they face and,

ANNUAL GOVERNANCE STATEMENT (continued)

through established reporting arrangements, ensure that Board members have full detail of resource inputs and performance outputs. Regular and detailed financial reports are made available to the Board and the outcomes for the organisation that are essentially driven by statute, are monitored in terms of performance.

The Management Team remains focused on these outcomes and works collaboratively with both internal and external stakeholders to drive innovation and maximise efficiency. Innovation and adaptability are essential to sustaining service delivery, particularly in response to legislative changes, staffing vacancies, and the increasing prevalence of hybrid working arrangements across home and office environments.

Governance Principle 5 - developing the entity's capacity, including the capability of its leadership and the individuals within it.
Roles of elected members and officers are clearly defined, and constructive working relationships are achieved to ensure clear relationships between the Board, the Assessor and ERO, corporate stakeholders and the public.

Standing orders regulate the form and content of board meetings and the Board's financial regulations provide a framework for financial decisions. Performance reports are reviewed at Board meetings and the Board's key performance indicators are subject to regular periodic review.

As part of its commitment to lifelong learning and fostering a culture of personal development, the organisation operates an internal recruitment process designed to support career progression, retain staff, and enhance leadership capacity.

New employees receive induction training upon commencement and, in most cases, have the opportunity to participate in a career grade development scheme designed to support both personal and professional growth. Surveyors who are members of the Royal Institution of Chartered Surveyors (RICS) are also required to undertake mandatory continuing professional development, compliance with which is monitored by the RICS.

The organisation's Training Officer is responsible for overseeing training provision and monitoring individual progress. This role also includes identifying and facilitating access to appropriate training opportunities. All colleagues now benefit from access to Aberdeenshire Council's online training platform, which has significantly expanded the range of learning and personal development resources available.

A further two colleagues successfully completed the Association of Electoral Administrators Certificate in Electoral Administration during 2025/26, strengthening the organisation's expertise and knowledge within this highly specialised field. Further opportunities to undertake this qualification will be offered to colleagues later in the year.

The functions and responsibilities of statutory posts, including the Clerk, Treasurer, and Assessor & ERO, are clearly defined, and the postholders work closely together to deliver the organisation's objectives.

Governance Principle 6 - managing risks and performance through robust internal control and strong public financial management.
The Board's decision-making process is well established with governance, finance and performance issues being reported at board meetings that take place in public (unless exempt under statutory provision) and the board reports are published online and made available to the media. Rules and procedures govern how decisions are made and appropriate legal,

ANNUAL GOVERNANCE STATEMENT (continued)

financial and other professional advice is considered as part of the decision-making process. Scrutiny is secured through internal and external audit.

Decisions made by the Assessor & ERO are subject to public scrutiny, including through formal appeal and complaints processes to the relevant judicial bodies, as well as oversight from external stakeholders such as the Electoral Commission.

The Scottish Assessors' website (Scottish Assessors – Scottish Assessors Association website) provides access to practice notes outlining the basis upon which rateable values are determined. It also enables taxpayers to view the assessments of all non-domestic and domestic properties in Scotland, together with valuations across an expanding range of property types.

The Assessor & ERO reported on performance to the Electoral Commission, the Scottish Government and the Scottish Information Commissioner during 2025/26.

Risk management is a fundamental part of the organisation's decision-making process and as such is reviewed regularly by the Assessor & ERO's management team, with the Board reviewing the risk register on an annual basis.

To control and mitigate risk, the Board's system of internal control is founded on a framework of financial regulations, which are subject to periodic review and update. This framework is supported by regular management information, established administrative procedures, management oversight, and a code of corporate governance. The responsibility for establishing and maintaining an effective system of internal control rests with management. The Board, through its consideration of reports from internal and external auditors, monitors the effectiveness of these control arrangements.

Policies are in place to prevent and address fraud, theft, bribery and corruption, both to safeguard public funds and to ensure the integrity of the statutory rolls, lists and registers for which the Assessor & ERO is responsible. The Assessor & ERO maintains direct liaison with Police Scotland at both local and national levels through an assigned Single Point of Contact, as well as through the Scottish Assessors Association and the Electoral Management Board for Scotland.

IT resilience and effectiveness continued to improve during 2025/26. This has been achieved through close collaboration with Aberdeenshire Council's IT service, which now has full responsibility for the management of the Board's IT infrastructure and the provision of IT support to users.

A performance management system is in place to ensure that established performance measures are reported to the Board on a quarterly basis. An annual Public Performance Report is also produced and published.

The Board's governance arrangements have been established, and are regularly reviewed, to ensure alignment with recognised standards of good governance. These arrangements are designed to support the effective discharge of the organisation's functions and comply with relevant best practice frameworks. This includes adherence to the Code of Practice on Managing the Risk of Fraud and Corruption, the Global Internal Audit Standards (including principles relating to the Chief Audit Executive), and Audit Committees: Practical Guidance for Local Authorities and Police, along with other applicable guidance.

ANNUAL GOVERNANCE STATEMENT (continued)

Strong financial management procedures are secured through the work of the Treasurer appointed in terms of s95 of the Local Government (Scotland) Act 1973. This officer provides advice to the Board and the Assessor & ERO on all financial matters and ensures the timely production and reporting of budget estimates, budget monitoring reports and annual accounts.

Governance Principle 7 - implementing good practices in transparency, reporting, and audit to deliver effective accountability.
Board business is conducted through an established cycle of quarterly meetings, providing a structured framework for oversight and decision-making. During 2025/26, meetings continued to be held in a hybrid format, enabling a combination of in-person and remote attendance via video conferencing to support accessibility and member participation.

Meeting dates are scheduled and published in advance to ensure transparency and effective planning. Reports presented to the Board adhere to a consistent corporate style, clearly setting out the purpose of the report, relevant background and supporting information, conclusions, and recommendations to inform decision-making.

Minutes of meetings are prepared by Moray Council's Committee Services team on behalf of the Clerk to the Board and are published on Moray Council's website. Links to these records are also made available via the Board's website, ensuring public accessibility and accountability.

Information is disseminated through a range of channels and formats, tailored to meet the needs of different audiences and purposes. This includes statutory returns prepared in accordance with prescribed requirements, as well as media releases and presentations targeted at specific stakeholder and service user groups. These arrangements support transparency, accountability, and effective stakeholder engagement.

The organisation's website is regularly updated with news items and key information to ensure that the Grampian community remains informed of relevant developments and service-related matters. This ongoing communication activity promotes openness and accessibility, enabling the public to access timely and accurate information.

These processes support transparency, accessibility, and informed public engagement, and no significant issues were identified during the year in relation to the provision or accessibility of information.

Assurance and accountability are recognised as core responsibilities of the Board, which comprises elected members from a range of political backgrounds, ensuring balanced and independent scrutiny. The Board maintains oversight through the regular consideration of reports from both internal and external audit, providing an important source of assurance on the adequacy and effectiveness of governance, risk management, and internal control arrangements.

Particular emphasis is placed on reviewing audit findings and recommendations, as well as scrutinising the timeliness and effectiveness of management's responses and corrective actions. This supports a culture of continuous improvement and reinforces accountability across the organisation.

Review of effectiveness of governance arrangements
The review of effectiveness of the governance framework including the system of internal control is pursued throughout the year by various means involving:

ANNUAL GOVERNANCE STATEMENT (continued)

- **The Board**

In practice, governance arrangements are monitored over the year with Board meetings taking place four times during each year. The Board consists of members from each of the three councils and from across the political spectrum and considers reports on financial and operational performance and governance matters. It also examines the annual public performance and audit reports.

- **The management team**

The management team which has overall responsibility for good governance arrangements, currently comprises the Assessor & ERO, two Depute Assessors & EROs, four Assistant Assessors and the Principal Admin Officer.

- **The Assessor and ERO**

The Assessor & ERO has the statutory responsibility for the publication and maintenance of the Valuation Rolls, Council Tax Valuation Lists and Electoral Registers. The Assessor is responsible for the overall leadership and effective management of the organisation's operations. This includes a broad range of responsibilities covering financial management, personnel, governance, and statutory reporting.

The Assessor plays a key role in ensuring that appropriate governance frameworks are in place and operating effectively, supporting compliance with legislative requirements and recognised standards of good practice. This includes responsibility for ensuring that resources are used efficiently, that robust internal controls are maintained, and that accurate and timely reporting is provided to the Board to support informed decision-making.

- **The Treasurer**

The Treasurer has statutory responsibility for the Board's financial affairs in terms of Section 95 of the Local Government (Scotland) Act 1973. This officer provides relevant financial advice and support to the Assessor and ERO and elected members at meetings of the Board and otherwise as required. The Board's financial management arrangements generally conform to the governance requirements of the CIPFA statement on the role of the chief financial officer, and whilst the Treasurer is not a member of the management team, he is actively involved in, and is able to influence, decision-making processes.

The Treasurer is responsible for ensuring that an effective system of internal financial control is maintained. The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. The system includes comprehensive budget setting and monitoring arrangements and the preparation of regular financial reports indicating actual expenditure against forecasts that are reported at each board meeting.

- **Internal Audit**

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Board on the control environment comprising risk management, internal control, and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

ANNUAL GOVERNANCE STATEMENT (continued)

Responsibility for the delivery of the Internal Audit Service rests with the Service Manager, Internal Audit and Risk at Moray Council. The service is provided in accordance with recognised professional standards and operates independently of operational management to ensure objectivity and impartiality.

The Service Manager, Internal Audit and Risk provides the Board with independent and objective assurance on the adequacy and effectiveness of the organisation's risk management, governance, and internal control arrangements. This work is carried out in line with the Global Internal Audit Standards and is informed by a risk-based audit plan approved by the Board.

Audit findings and recommendations are reported to the Board, with particular focus on the implementation of agreed actions and the timely resolution of identified risks and control weaknesses. This supports effective oversight, accountability, and continuous improvement across the organisation.

The Service Manager, Internal Audit and Risk, is of the opinion, based on audit work completed, that reasonable assurance can be placed on the adequacy and effectiveness of the system of internal financial control for the financial year ended 31 March 2026.

- **External Agencies**

In addition to internal review processes and the external financial audit arrangements outlined above, the organisation is subject to oversight and reporting requirements from a number of external regulatory and scrutiny bodies. These provide an important source of independent assurance in relation to governance, compliance, and information management practices.

The Scottish Information Commissioner monitors compliance with Freedom of Information and Environmental Information Regulations through the collection and assessment of performance data relating to information requests and responses. The Commissioner has the authority to intervene and take enforcement action where non-compliance is identified, thereby supporting transparency and accountability.

The Keeper of the Records of Scotland provides oversight of the organisation's records management arrangements and is responsible for reviewing and approving the Records Management Plan. The Keeper has requested that a revised plan be submitted in 2026, and this will is being progressed as part of the organisation's ongoing commitment to continuous improvement in information governance.

The organisation's arrangements for the delivery of valuation and electoral registration services are also subject to external scrutiny and oversight by relevant regulatory and statutory bodies.

Performance and proposal and appeal statistics are reported to the Scottish Government and valuation assessments are subject to independent scrutiny through formal appeal processes, providing an additional mechanism to ensure accuracy, consistency, and fairness.

In relation to electoral registration, the performance of the Electoral Registration Officer (ERO) is monitored and reported on by the Electoral Commission.

ANNUAL GOVERNANCE STATEMENT (continued)

Significant governance issues

Securing and maintaining good governance remains a key priority for elected members, senior officials of the Board, and the Management Team. The organisation recognises that effective governance is fundamental to the successful delivery of its statutory functions and to maintaining public confidence and that this is an ongoing and significant responsibility, particularly in the context of sustained financial pressures and a changing legislative environment. These factors require continued vigilance, adaptability, and a commitment to continuous improvement in governance arrangements.

In the 2024/25 governance statement, the key challenges facing the organisation for 2025/26 were to:

- Continue to upgrade our operational capacity in terms of workforce, processes and IT systems to meet the challenges of the 3-yearly revaluation cycle, the 2- stage proposal and appeal system, and proposed legislative changes in electoral registration and council tax.

- Continue the work to progress equalities mainstreaming objectives and to improve registration levels and engagement with electors and other service users.

- Continue to manage resources to ensure that the organisation meets all statutory commitments. In particular, the continuing requirement to improve the level of vacancies in the valuation team.

All operational demands were met during 2025/26 and we continued with a hybrid home/office approach to working.

As in previous years, recruitment of suitably qualified valuation staff has continued to be challenging. We continue to advertise our vacancies and develop a career pathway framework with colleagues at a national level.

The transition of the organisation's IT systems to Aberdeenshire Council infrastructure has been successfully implemented, with the upgrade and migration of the final system nearing completion. This programme of work has strengthened the resilience, security, and efficiency of the organisation's IT environment. We will continue to monitor the performance and effectiveness of these arrangements and remain committed to the ongoing development and enhancement of IT applications and processes to support continuous improvement, enabling staff to operate effectively and ensuring that the needs of stakeholders continue to be met.

The use of e-communications during the 2025 annual canvass in connection with the register of electors and in the reserved absent vote reapplication process was successful and led to financial and resource savings for the Board. We intend to make use of e-communications for the upcoming 2026 canvass.

The need to vary and reschedule tasks presents ongoing challenges; however, through effective monitoring, proactive management, and a flexible approach to resource allocation, the organisation is able to respond to changing demands. This ensures that resources are deployed appropriately to priority areas and that statutory responsibilities continue to be delivered. No significant governance issues were identified during 2025/26. Based on the assurances provided through management arrangements, performance reporting, risk management processes, internal audit, external audit and other external scrutiny bodies, the Board has concluded that its governance arrangements and system of internal control were

ANNUAL GOVERNANCE STATEMENT (continued)

operating effectively during 2025/26 and remain fit for purpose in supporting the achievement of its statutory responsibilities and objectives.

Looking ahead the key challenges for 2026/27 are:

- Continue to strengthen operational capacity across workforce, processes, and IT systems to ensure the organisation is well positioned to meet the demands of the three-yearly revaluation cycle, the two-stage proposal and appeal system, and the upcoming legislative changes in relation to council tax and electoral registration, particularly the changes to introduce the ability to make absent voting applications online for devolved elections.
- Continue to progress equalities mainstreaming objectives and enhance engagement with electors and service users, with a focus on improving registration levels and promoting inclusive access to services.
- Continue to manage resources effectively to ensure that all statutory commitments are met, with particular focus on addressing and reducing vacancy levels within the valuation team.

Concluding Remarks

In our respective roles as Convener of the Board and Assessor & ERO, we are committed to good governance and recognise the contribution it makes to securing delivery of service outcomes in an effective and efficient manner. This annual governance statement summarises current governance arrangements, provides evidence of progress and affirms our commitment to ensuring that the Board's governance framework is responsive to the dynamic and challenging environment in which we serve. During the financial year to 31 March 2026 and to the date of this statement, no significant control weaknesses or issues have arisen and no significant failures have been identified in the expected standards for good governance, risk management and control.

Donald Gatt

Councillor Donald Gatt
Convener
30 October 2026

Mark J Adam

Mark J Adam MRICS AEA (Cert)
Assessor & Electoral Registration Officer
30 October 2026

REMUNERATION REPORT

This report has been written to provide details of the Grampian Valuation Joint Board's remuneration arrangements for its senior councillors and senior employees. This is required under the Local Authority Accounts (Scotland) Regulations 2014.

All information disclosed in the tables 1 to 7 in this Remuneration Report is audited by the external auditors, Grant Thornton UK LLP. The other sections of the Remuneration Report, including the Tiered Contribution Pay Rates table on page 24 are reviewed by Grant Thornton UK LLP to ensure that they are consistent with the financial statements.

Remuneration of Councillors, Senior Councillors, Convener and Depute Convener

The remuneration of councillors is regulated by The Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2025 (SSI No. 2025/8). These regulations set out the amounts a councillor may be paid for being a Convener or Depute Convener of a Joint Board. This is inclusive of any amounts payable to them as either a councillor or senior councillor of their own Local Authority.

The Board consists of 15 members comprising 6 from Aberdeen City Council, 6 from Aberdeenshire Council and 3 from Moray Council. The local authority of which the Convener or Depute Convener is a member pays the remuneration appropriate to the member's work with the Joint Board. Conveners receive a remuneration which, when added to their existing remuneration as a Councillor/Senior Councillor, equals 75 percent of the Leader of a "Band B" council, i.e. £28,207 per annum. The Depute Convener's remuneration is calculated on the basis of the basic salary plus 75 percent of the difference between the basic salary and the Convener's salary, i.e. £26,797 per annum. These rates are effective for the year ending 31 March 2026.

The Board has an arrangement with each Council which remunerates the Convener and Depute Convener/s to reimburse the Council for the additional costs of that councillor arising from them being a Convener or Depute Convener of the Board.

Councillor Gatt was elected as Convener of the Grampian Valuation Joint Board on 26 August 2022. From this date Councillor Gatt has received a Special Responsibility Allowance for his role as Convener and the Board reimburses Moray Council for the additional cost.

Councillor Smith of Aberdeenshire Council was elected Vice Convener at the meeting on 28 June 2024. The Special Responsibility Allowance that Councillor Smith received for his duties will be reimbursed by the Board

All other Councillors' expenses are paid directly by the authority that they serve and will also be included in the individual authority's remuneration report.

Table 1 - Remuneration of Senior Councillors, Convener and Depute Convener (Audited)

Councillor Name and Responsibility	Total Remuneration 2024/25	Salary, fees and allowances 2025/26	Total Remuneration 2025/26
	£	£	£
Councillor Gatt Convener	5,341	2,225	2,225
Councillor Smith Depute Convener	3,039	815	815
Total	8,380	3,040	3,040

No taxable expenses were paid in 2025/26 or in 2024/25.

Table 2 - Remuneration of Councillors (Audited)

Grampian Valuation Joint Board paid the following salaries, allowances and expenses for all councillors (including senior councillors) during the year. It includes expenses met directly by the Board and expenses reimbursed to Councillors.

Type of Remuneration	2024/25	2025/26
	£	£
Salaries	8,380	3,040
TOTAL	**8,380**	**3,040**

Remuneration of Senior Employees

The Local Authority Accounts (Scotland) Amendment Regulations 2014 require remuneration information to be disclosed for senior employees as defined below:

i. A person who has responsibility for the management of a local authority to the extent that the person has power to direct or control the major activities of the authority whether solely or collectively with other persons.
ii. A person who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989.
iii. A person whose annual remuneration, including any annual remuneration from a local authority subsidiary body is £150,000 or more.

These regulations apply equally to Joint Boards and remuneration disclosure is therefore required for the Assessor and Electoral Registration Officer (ERO) and two Depute Assessor and Depute Electoral Registration Officers who are deemed to be senior employees for the Grampian Valuation Joint Board. Details are shown on Table 3 below.

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) sets the terms and conditions and pay bandings for senior employees but remuneration levels and pay scales are set locally and were last agreed by the Board on 23 January 2004.

Table 3 - Remuneration of Senior Employees of the Board (Audited)

Name and Post Title	Total Remuneration 2024/25	Salary, fees and allowances 2025/26	Taxable Expenses 2025/26	Total Remuneration 2025/26
	£		£	£
Mark Adam Assessor & ERO	134,653	139,211	778	139,989
Gavin Oag Depute Assessor & ERO	105,745	109,198	755	109,953
Jim Barron Depute Assessor & ERO	95,907	98,945	710	99,655
TOTAL	**336,305**	**347,354**	**2,243**	**349,597**

The Treasurer and the Clerk to the Board do not receive remuneration from the Valuation Joint Board. The duties of the posts are covered by the post holders' substantive posts in Moray Council. Details of their salaries are included in the remuneration report for Moray Council.

Pension Benefits

Pension benefits for Councillors and Local Government employees are provided through the North East Scotland Pension Fund, a Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. For benefits earned up to 31 March 2026, the councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day in the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the year of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

The Board pay a contribution to the Pension Fund for the Convener and Depute Convener's pensions if they are members of the scheme and this is based on a percentage of the cost of the Special Responsibility Allowance. Details are shown on Table 4 below.

For local government employees, up until 31 March 2015 pension benefits accrued are based on final salary. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. Benefits earned from 1 April 2015 are based on 'career average'. The scheme's normal retirement age for both councillors and employees is 65 for benefits up to 31 March 2015 and the State Pension Age for benefits built up after 1 April 2015.

From 1 April 2009, a five-tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees. The members' contribution rates for 2025/26 remain at the 2009/2010 rates although the pay bandings have been adjusted. The tiers and contribution rates are shown below.

Tiered Contribution Pay Rates

Pensionable pay 2024-25	Rate (%) 2024/25	Pensionable pay 2025-26	Rate (%) 2025/26
On earnings up to an including £27,000	5.50%	On earnings up to an including £28,500	5.50%
On earnings above £27,001 and up to £33,000	7.25%	On earnings above £28,501 and up to £34,900	7.25%
On earnings above £33,001 and up to £45,300	8.50%	On earnings above £34,901 and up to £47,800	8.50%
On earnings above £45,301 and up to £60,400	9.50%	On earnings above £47,801 and up to £63,800	9.50%
On earnings above £60,401	12.00%	On earnings above £63,801	12.00%

Pension Benefits (continued)

If a person works part-time, their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) some pension for a lump sum up to the limit set by the Finance Act 2004. Up until 31 March 2015, the accrual rate guarantees a pension based on 1/60th of the final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of the final pensionable salary and years of pensionable service). From 1 April 2015, the accrual rate guarantees a pension of 1/49th of pensionable pay for each year. At the end of each year the benefits are revalued and increased by inflation.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their local government service, and not just their current appointment.

Table 4 - Senior Councillors (Audited)

	In-year pension contributions	
	For the year to 31 March 2025	**For the year to 31 March 2026**
	£	**£**
Councillor Gatt Convener	764	318
Councillor Smith Depute Convener	486	122
Total	**1,250**	**440**

The above amounts show the in-year contributions relating to the Special Responsibility Allowance shown in Table 1.

Table 5 - Senior Employees (Audited)

The pension entitlements of Senior Employees for the year to 31 March are shown in the table below, together with the contribution made by the Board to each Senior Employees' pension during the year.

Pension Benefits (continued)

	In-year pension contributions			Accrued pension benefits	
	For the year to 31 March 2025	For the year to 31 March 2026		As at 31 March 2026	Difference from March 2025
	£	£		£	£
Mark Adam Assessor & ERO	13,506	14,046	Pension Lump Sum	80,934 122,033	5,331 4,694
Gavin Oag Depute Assessor & ERO	10,592	11,016	Pension Lump Sum	61,955 78,832	4,033 3,032
Jim Barron Depute Assessor & ERO	9,594	9,978	Pension Lump Sum	50,564 65,333	3,516 2,513
Total	**33,692**	**35,040**		**459,651**	**23,119**

All senior employees shown in the tables above are members of the North East Scotland Pension Fund. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service and not just their current appointment.

General Disclosure by Pay Band

The Regulations require information to be provided for the number of persons whose remuneration is £50,000 or more. This information is disclosed in bands of £5,000 and is shown below.

Table 6 - General Disclosure by Pay Band (Audited)

The Table includes the remuneration of the senior employees detailed in Table 3.

Remuneration Band	Number of Employees	
	2024-25	2025-26
£50,000 - £54,999	1	4
£55,000 - £59,999	1	1
£60,000 - £64,999	3	2
£65,000 - £69,999	3	1
£70,000 - £74,999	1	3
£95,000 - £99,999	1	1
£105,000 - £109,999	1	1
£130,000 - £134,999	1	-
£135,000 - £139,999	-	1
	12	14

Pension Benefits (continued)

Table 7 - Exit Packages of Employees (Audited)

The Local Authority Accounts (Scotland) Regulations 2014 require disclosure of exit packages agreed during the financial year. No exit packages were agreed during 2025/26 or 2024/25.

	2024/25	2025/26
Number of exit packages	0	0
Total cost (£000)	0	0

Donald Gatt

Councillor Donald Gatt
Convener
30 October 2026

Mark J Adam

Mark J Adam MRICS AEA (Cert)
Assessor & Electoral Registration Officer
30 October 2026

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2026

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. This differs from the expenditure to be funded from the requisitions raised by the Board from the three constituent Local Authorities in accordance with statute. The effect on the General Fund is shown in the Movement in Reserves Statement and Note 7 Expenditure and Funding Analysis and Adjustments between Accounting Basis and Funding Basis under Regulations.

2024/25 £000 Expenditure	£000 Income	£000 Net		Note	2025/26 £000 Expenditure	£000 Income	£000 Net
4,980	(398)	4,582	Rating and Council Tax Valuation and Electoral Registration		5,394	(85)	5,309
4,980	**(398)**	**4,582**	**Cost Of Services**		**5,394**	**(85)**	**5,309**
19	(97)	(78)	Financing and Investment Income and Expenditure	10	17	(68)	(51)
		(4,725)	Requisitions and Non-Specific Grant Income	21			(5,086)
		(221)	**(Surplus)/Deficit on Provision of Services**	8			**172**
		-	Deficit on revaluation of PPE	11			**(28)**
		(141)	Remeasurement of the Net Defined Benefit Liability	24			(108)
		(141)	**Other Comprehensive (Income) and Expenditure**				**(136)**
		(362)	**Total Comprehensive (Income) and Expenditure**				**36**

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2026

This Statement shows the movement in the year on the different reserves held by the Board, analysed into usable reserves (those that can be applied to fund expenditure) and unusable reserves. The Statement shows how the movements in the year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable against requisitions for the year. The Increase or Decrease line shows the statutory General Fund movements in the year.

2025/26	General Fund **£000**	Total Usable Reserves **£000**	Unusable Reserves (Note 18) **£000**	Total Board Reserves **£000**
Balance at 31 March 2025	**1,180**	**1,180**	**380**	**1,562**
Total Comprehensive Income and Expenditure	(172)	(172)	136	(36)
Adjustments to usable reserves permitted by accounting standards	5	5	(5)	-
Adjustments between accounting basis & funding basis under regulations (Note 7)	89	89	(89)	-
Increase / (Decrease) in Year	(77)	(77)	42	(36)
Balance at 31 March 2026	**1,103**	**1,103**	**422**	**1,525**

2024/25	General Fund **£000**	Total Usable Reserves **£000**	Unusable Reserves (Note 18) **£000**	Total Board Reserves **£000**
Balance at 31 March 2024	747	747	453	1,200
Total Comprehensive Income and Expenditure	220	220	142	362
Adjustments to usable reserves permitted by accounting standards	5	5	(5)	-
Adjustments between accounting basis & funding basis under regulations (Note 7)	208	208	(208)	-
Increase / (Decrease) in Year	433	433	(71)	362
Balance at 31 March 2025	**1,180**	**1,180**	**382**	**1,562**

BALANCE SHEET AS AT 31 MARCH 2026

The Balance Sheet shows the value as at the Balance Sheet date of assets and liabilities recognised by the Board. The net assets of the Board (assets less liabilities) are matched by the reserves held by the Board.

31 March 2025 £000		Note	31 March 2026 £000
646	Property, Plant & Equipment	11	648
226	Property, Plant & Equipment - Right of Use	11	119
872	**Long Term Assets**		**767**
70	Short Term Debtors	12	115
1,709	Cash and Cash Equivalents	13	1,650
1,779	**Current Assets**		**1,765**
(682)	Short Term Creditors	14	(742)
(113)	Short Term Liabilities - Right of Use	14	(125)
(795)	**Current Liabilities**		**(867)**
(176)	Unfunded Pension Liability	24	(140)
(118)	Other Long Term Liabilities - Right of Use	15	-
(294)	**Long Term Liabilities**		**(140)**
1,562	**Net Assets**		**1,525**
	Usable reserves	17	
237	General Fund		254
567	Earmarked NDR Reform Reserve		567
376	Earmarked Electoral Integrity Programme		282
1,180	Total		**1,103**
	Unusable Reserves	18	
215	Revaluation Reserve		238
426	Capital Adjustment Account		403
(176)	Pensions Reserve		(140)
(83)	Employee Statutory Adjustment Account		(79)
382	Total		**422**
1,562	**Total Reserves**		**1,525**

The notes on Pages 32 to 61 form part of the Financial Statements.

Jamie Fraser FCCA
Treasurer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2026

The Cash Flow statement shows the changes in cash and cash equivalents of the Board during the financial year. The statement shows how the Board generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Board are funded by way of requisition and grant income or from the recipients of services provided by the Board. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Board's future service delivery, i.e. assets.

31/03/2025 £000		31/03/2026 £000
220	Net surplus/(deficit) on the provision of services	(172)
133	Adjust net deficit on the provision of services for non cash movements (Note 20)	232
353	Net cash flows from Operating Activities	60
(107)	Financing Activities	(119)
246	Net increase/(decrease) in cash and cash equivalents	(59)
1,463	Cash and cash equivalents at the beginning of the financial year	1,709
1,709	Cash and cash equivalents at the end of the financial year	1,650

NOTES TO THE ACCOUNTS

Note 1 Accounting Policies

1 General Principles

The Annual Accounts summarise the Board's transactions for the 2025/26 financial year and its position at the year ended 31 March 2026. The Board is required to prepare Annual Accounts under the Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 requires to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and the Service Reporting Code of Practice 2025/26, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. The principal accounting policies have been applied consistently throughout the year. The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of property, plant and equipment.

2 Accruals of Income and Expenditure

Income and expenditure are accounted for in the year in which they take place, not simply when cash payments are made or received. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where the debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3 Charges to Revenue for Non-Current Assets

The service is charged with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

4 Requisitions and Contributions

Requisitions and contributions relating to capital and revenue expenditure are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition(s) (as opposed to restrictions) that the Board has not satisfied.

5 Cash and Cash Equivalents

The Board uses Moray Council's bank account for financial transactions and the balance is invested in the Council's Loans Fund. This balance is repayable on demand and therefore treated as a cash equivalent and is included in the Balance Sheet at amortised cost, which equates to the actual cash value at 31 March 2026. Interest is received from Moray Council on the balance held.

Note 1 (continued)

6 Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Board. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

7 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Board to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis in the Comprehensive Income and Expenditure Statement at the earlier of when the Board can no longer withdraw the offer of those benefits or when the Board recognises costs for a restructuring.

8 Going Concern

The Annual Accounts have been prepared on a going concern basis. As at 31 March 2026, the Balance Sheet of the Board shows a net asset position of £1.525m.

9 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

10 Value Added Tax

VAT is included in the Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable. The net amount due to or from HM Revenue and Customs in respect of VAT is included as part of debtors or creditors.

11 Reserves

The Board sets aside specific amounts as reserves for future policy purposes. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against requisitions for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Board.

12 Leases

In 2024/25, the Board adopted IFRS 16 Leases, as incorporated into the 2024/25 Code of Practice on Local Authority Accounting. The primary impact of the new standard is that arrangements previously treated as operating leases—where leased vehicles, plant, equipment, property, and land were not recognised on the balance sheet—must now be accounted for by recognising a right-of-use asset and a corresponding lease liability as of 1 April 2024. Leases for low-value items (under £6,000) and those expiring on or before 31

March 2026 are excluded from these requirements. IFRS 16 has been applied retrospectively, with the cumulative effect recognised on 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always been in effect but are recognised in 2025/26 without restating prior year figures.

The incremental borrowing rate applied to lease liabilities recognised at the date of initial application was 5.34%.

Note 2 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code requires the Board to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts. At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by The Code:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)
- IFRS17 Insurance Contracts

The above amendments are not anticipated to have a material impact on the information provided in the financial statements.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Treasurer has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Annual Accounts are:

- Assets held at current value are revalued on a five-year basis as set out in the accounting policy for Property, Plant and Equipment. Moray Council's Asset Manager (Commercial Property), who undertakes valuations on behalf on the Board and is a qualified RICS valuer, asserts that the carrying amount does not materially differ from that which would be determined using current value. In between valuations, a review is conducted to ensure carrying value does not differ from current value.

Note 4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Annual Accounts contains estimated figures that are based on assumptions made by the Board about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The following items in the Board's Balance Sheet at 31 March 2026 may be subject to estimation uncertainty and, as such, could be revised in future periods as more information becomes available or as circumstances change:

Note 4 (continued)

Item	Uncertainties	Effect if Actual Results Differ From Assumptions
Property, Plant and Equipment (£0.627m)	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual buildings. The current economic climate makes it uncertain that the Board will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £0.004m for every year that useful lives had to be reduced.
	Assets held at fair value are revalued on a five year rolling basis by a professionally qualified Royal Institution of Chartered Surveyors (RICS) valuer, Additional valuations are carried out on an ad hoc basis outwith the rolling programme arrangements where it is deemed necessary. The valuer also assess assets not formally revalued for material movements and indexation is applied where applicable.	The estimated effect of a 1% change in the rate used for valuations would be a change up or down of £0.006m.
Pension Liability (£0.140m)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	The effects on the net pension liability of changes in individual assumptions can be measured and are detailed in Note 24.

Note 5 Material Items of Income and Expenditure

Where material items of income and expenditure are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the Code requires that the nature and amount of these items are disclosed in a note to the accounts. The following items are regarded as material:

	2024/25	2025/26
Nature	**£000**	**£000**
Government Grant Income	376	50
Barclay Implementation Funding (included in requisitions)	268	-

Grant income from the UK Government was received to provide for the introduction of the Electoral Integrity Programme (EIP) from May 2023 across the UK. The EIP falls under the new Elections Act 2022 which contains measures such as introducing the requirement to show ID at polling stations, improving the accessibility of elections to make it easier for people with disabilities to vote, and bringing in changes to postal and proxy voting. Unspent funding in 2025/26 will be put to the earmarked reserve and used in 2026/27. The Barclay Implementation Funding was paid to the three local authorities, Aberdeen City Council, Aberdeenshire Council, and Moray Council and requisitioned in full by the Board, to implement the recommendations from the Barclay review of Non Domestic Rates. Unspent Barclay Funding in 2025/26 will be put to the earmarked reserve and used in future years.

Note 6 Events After The Reporting Period

The unaudited Annual Accounts were issued on 26 June 2026, and the audited Annual Accounts were authorised for issue on 30 October 2026 by Jamie Fraser, Treasurer. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 7 Expenditure and Funding Analysis and Adjustments between Accounting Basis and Funding Basis under Regulations

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (requisitions and government grants) by the Board in comparison with those resources consumed by the Board in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making.

Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

31 March 2025					31 March 2026			
Net Expenditure chargeable to General Fund £000	Adjustments between Funding and Accounting Basis £000	Adjustments to usable reserves permitted by accounting standards	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure chargeable to General Fund £000	Adjustments between Funding and Accounting Basis £000	Adjustments to usable reserves permitted by accounting standards	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
4,264	313	5	4,582	Rating and CT valuation & Electoral Registration	5,107	197	5	5,309
4,264	313	5	4,582	Net Cost of Services	5,107	197	5	5,309
(4,697)	(106)	-	(4,803)	Other Income and Expenditure	(5,030)	(108)	-	(5,138)
(433)	207	5	(221)	(Surplus) or Deficit	77	89	5	172
(747)				Opening Balance	(1,180)			
(433)				(Surplus) or Deficit	77			
(1,180)				Closing Balance	(1,103)			

Note 7 (continued)

Adjustments between the Funding and Accounting Basis

				2025/26
	Adjustment for Capital Purposes £000	**Net Change for pensions adjustments £000**	**Other Differences £000**	**Total £000**
Rating and CT valuation & Electoral Registration	141	61	(5)	197
Net Cost of Services	141	61	(5)	197
Other Income and Expenditure	-	11	(119)	(108)
Difference between the General Fund Deficit and the Comprehensive Income and Expenditure Statement Deficit	141	72	(124)	89

				2024/25
	Adjustment for Capital Purposes £000	**Net Change for pensions adjustments £000**	**Other Differences £000**	**Total £000**
Rating and CT valuation & Electoral Registration	141	152	20	313
Net Cost of Services	141	152	20	313
Other Income and Expenditure	-	1	(107)	(106)
Difference between the General Fund Deficit and the Comprehensive Income and Expenditure Statement Deficit	141	153	(87)	207

Note 7 (continued)

a) Adjustments for Capital Purposes
This column adds in depreciation and impairment and revaluation gains and losses in the services line.

b) Net Change for the Pensions Adjustments
This column reflects the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related income and expenditure.

For the service this reflects the removal of the employer pension contributions made by the Board as allowed by statute and the replacement with current service costs and past service costs.

c) Other Differences
This column adjusts for differences between the amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable recognised under statute.

For the service this reconciles the impact of accruals for accumulating compensated absences e.g. holiday pay as required by IAS19 Employee Benefits, to the salaries actually payable in the financial year in accordance with statute.

Note 8 Expenditure and Income Analysed by Nature

The Board's expenditure and income is analysed as follows:

Expenditure and Income

	2024/25 £000	**2025/26 £000**
	Rating, Council Tax Valuation and Electoral Registration	Rating, Council Tax Valuation and Electoral Registration
Employee benefit expenses	3,702	3,862
Other service expenses	1,061	1,312
Support service recharges	71	74
Depreciation, amortisation and impairment	146	146
Interest payments	19	17
Total Expenditure	**4,999**	**5,411**
Requisitions	(4,725)	(5,086)
Government grants and other service income	(398)	(85)
Interest and investment income	(97)	(68)
Total Income	**(5,220)**	**(5,239)**
(Surplus)/Deficit on the provision of services	**(221)**	**172**

Note 9 Earmarked Portions of the General Fund

Portions of the General Fund are earmarked for specific purposes as described below. Underspends or overspends against budget for these activities are transferred in or out of the earmarked funds at the year end.

	General Services £000	NDR Reform £000	Electoral Integrity Programme £000	Total £000
Balance at 31 March 2025	237	567	376	1,180
Increase/(Decrease) 2025/26	17	-	(94)	(77)
Balance at 31 March 2026	**254**	**567**	**282**	**1,103**

NDR Reform

The purpose of this fund is to ring-fence funding received from constituent authorities to implement reforms from the Barclay Report which followed a review into the non-domestic rates system in Scotland. The Non-Domestic Rates (Scotland) Act took effect from 1 April 2020.

Electoral Integrity Programme

The reserves earmarked for the Electoral Integrity programme are intended to support the implementation of changes introduced by the Elections Act 2022, including improvements to voter registration processes, boundary updates, and measures to enhance the security and accuracy of the electoral register.

Note 10 Financing and Investment Income and Expenditure

	2024/25 £000	2025/26 £000
Pensions interest cost/(gain) and expected return on pensions assets	1	11
Interest receivable and similar income	(97)	(68)
Interest on Right of Use Asset lease liability	18	6
	(78)	**(51)**

Note 11 Property, Plant and Equipment

Recognition

All expenditure on the acquisition, creation, enhancement or replacement of an asset or part of an asset is capitalised, providing the asset yields benefit for more than one year to the Board and the services it provides and the cost can be reliably measured.

Where a component is replaced or restored, the carrying amount of the old component is derecognised and the new component reflected in the carrying amount.

Note 11 (continued)

Measurement
New assets are measured at cost. Cost includes the original purchase of the asset and the costs attributable to bringing the assets to its working condition for its intended use.

Assets are measured at current value which is Existing Use Value for Land and Buildings and Depreciated Historic Cost for Equipment and Furniture which is used as a proxy for current value.

Derecognition
The carrying amount of an item of property, plant and equipment is derecognised when an asset is disposed of or when no future economic benefits or service potential are expected from its use. The value of the asset in the Balance Sheet and any receipt is written to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

The gain or loss on disposal is not a charge against Requisitions, as the cost of non current assets is fully provided for under separate arrangements for Capital Financing. The carrying amount of the non current asset disposal is transferred to the Capital Adjustment Account and the disposal proceeds transferred to the Capital Fund and reported in the Movement in Reserves Statement.

Depreciation
Depreciation is provided for on all items of property, plant and equipment with a finite useful life by the systematic allocation of their depreciable amount over their useful lives. An exception is made for land where it can be demonstrated that it has an unlimited useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Depreciation is calculated using the straight-line method. In the year of acquisition, a full year's depreciation is provided for on all assets. In the year of disposal, no depreciation is charged.

The following useful lives and depreciation rates have been used in the calculation of depreciation:-

Other Land & Buildings - 35-60 years, land is not depreciated
Vehicles, Plant, Furniture & Equipment – 5-10 years

Impairment
Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised.

Where an impairment loss is reversed subsequently, the reversal is credited to the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Revaluations
The Board carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years, with a desktop valuation review carried out to compare the current value and carrying value and updating where necessary in the intervening years.

Note 11 (continued)

Valuations are carried out by Moray Council's Asset Manager (Commercial Property), a Royal Institution of Chartered Surveyors (RICS) registered valuer. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the RICS.

A proportion of assets may be subject to desktop valuation on the basis of appropriate market-related indices at the reporting date. Such valuations are applied following consultation with the valuer to ensure that carrying values remain materially consistent with current value.

The last full revaluation of Land and Buildings was undertaken as at 31 March 2024 and the next full valuation is scheduled for 2028/29.

Valuations of vehicles, plant, furniture and equipment are based on depreciated historical cost as a proxy for current value.

2025/26	**Other Land and Buildings**	**Vehicles, Plant, Furniture & Equipment**	**Right of Use Assets**	**Total Property, Plant and Equipment**
	£000	**£000**	**£000**	**£000**
Cost or valuation				
At 1 April 2025	627	355	338	1,320
Additions	-	-	-	-
IFRS16 Measurement Adjustment	-	-	18	18
Revaluation decreases recognised in the Revaluation Reserve	-	-	-	-
Revaluation increases recognised in the Provision of Services	-	-	-	-
At 31 March 2026	**627**	**355**	**356**	**1,338**
Accumulated Depreciation and Impairment				
At 1 April 2025	14	322	112	448
Depreciation charge	14	12	120	146
Depreciation written out to the Revaluation Reserve	(28)	-	-	(28)
Depreciation written out to the Provision of Services	-	-	-	-
Other movement - IFRS16 Adj	-	-	5	5
at 31 March 2026	**-**	**334**	**237**	**566**
Net Book Value				
at 31 March 2025	613	33	226	872
at 31 March 2026	**627**	**21**	**119**	**767**

Note 11 (continued)

2024/25	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Right of Use Assets £000	Total Property, Plant and Equipment £000
Cost or valuation				
At 1 April 2024	627	355	-	982
Additions	-	-	-	-
Recognition of Right of Use Asset	-	-	338	338
Revaluation decreases recognised in the Revaluation Reserve	-	-	-	-
Revaluation increases recognised in the Provision of Services	-	-	-	-
At 31 March 2025	**627**	**355**	**338**	**1,320**
Accumulated Depreciation and Impairment				
At 1 April 2024	-	302	-	302
Depreciation charge	14	20	112	146
Depreciation written out to the Revaluation Reserve	-	-	-	-
Depreciation written out to the Provision of Services	-	-	-	-
at 31 March 2025	**14**	**322**	**112**	**448**
Net Book Value				
at 31 March 2024	627	53	-	680
at 31 March 2025	**613**	**33**	**226**	**872**

Note 12 Short Term Debtors

	2024/25 £000	2025/26 £000
Prepayments	70	115
	70	**115**

Note 13 Cash and Cash Equivalents

	2024/25 £000	2025/26 £000
Temporary Investment in the Moray Council Loans Fund	1,709	1,650

Note 14 Short Term Creditors

	2024/25 £000	2025/26 £000
Trade Payables	156	205
Other Payables ^	526	537
Total	682	742
^ Other Payables		
Central Government Bodies	74	75
Short Term Employee Absences	112	106
Other Local Authorities	340	356
Other Payables	526	537
Right of Use Asset	113	125

Note 15 Other Long Term Liabilities

	2024/25 £000	2025/26 £000
Right of Use Asset	118	-
Total	118	-

Note 16 Financial Instruments

Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Board and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Board.

The majority of the Board's financial liabilities held during the year are measured at amortised cost and comprised:

- Creditors for requisitions due to be returned to constituent authorities

Note 16 (continued)

- Trade payables for goods and services received

Financial Assets
A financial asset is a right to future economic benefits controlled by the Board that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Board. The financial assets held by the Board during the year are accounted for under the following classification:

- Amortised cost (where cash flows are solely payments of principal and interest and the business model is to collect those cash flows) comprising:
    - temporary investment in the Moray Council Loans Fund
    - trade receivables for goods and services provided

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Board.

Fair Value
For all categories of financial assets and liabilities held by the Board, there was no difference between the carrying value and the fair value at the Balance Sheet date and all are in Level 2 of the fair value hierarchy.

Financial Instruments – Balances
The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

	2024/25 £000	2025/26 £000
Current (Short Term) Liabilities:		
Trade Payables	156	205
Other Payables	526	537
Lease Liabilities - Right of Use	113	125
Total	795	867
Other Payables:		
Tax Creditors included above	(117)	(118)
Requisition Creditors included above	(297)	(313)
Short Term Employee Absences included above	(112)	(106)
Total Other Payables	(526)	(537)
Total Financial Liabilities - Current	**269**	**330**
Non-Current (Long Term) Liabilities:		
Other Long Term Liabilities - Right of Use	118	0
Total Financial Liabilities - Non - Current	**118**	**0**

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

Note 16 (continued)

	2024/25 £000	2025/26 £000
Temporary Investment in the Moray Council Loans Fund	1,709	1,650

Note 17 Usable Reserves

General Fund
The creation of a General Fund was introduced to provide the Assessor with some flexibility to investigate any spend-to-save projects which would require one-off expenditure in order to deliver future budget savings. The reserve also acts as a contingency for any unexpected costs in future years. Details of the earmarked reserve can be found in Note 9.

Usable Reserves	2024/25 £000	2025/26 £000
General Fund	237	254
Earmarked NDR Reform Reserve	567	567
Earmarked Electoral Integrity Programme	376	282
	1,180	**1,103**

Note 18 Unusable Reserves

	2024/25 £000	2025/26 £000
Revaluation Reserve	215	238
Capital Adjustment Account	426	403
Pension Reserve	(176)	(140)
Employee Statutory Adjustment Account	(83)	(79)
	382	**422**

Revaluation Reserve

The Revaluation Reserve contains gains made by the Board arising from increases in the value of its Property, Plant and Equipment.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Note 18 (continued)

	2024/25 £000	2025/26 £000
Balance at 1 April	220	215
Revaluations/Indexation	-	28
Difference between fair value depreciation and historical cost depreciation	(5)	(5)
Balance at 31 March	**215**	**238**

Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2024/25 £000	2025/26 £000
Balance at 1 April	(62)	(84)
Settlement or cancellation of accrual made at the end of the preceding year	62	84
Amounts accrued at the end of the current year	(84)	(79)
Balance at 31 March	**(84)**	**(79)**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 18 (continued)

	2024/25 £000	2025/26 £000
Balance at 1 April	**459**	**426**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation and impairment of non-current assets	(29)	(22)
Adjustment for depreciation of Right of Use asset	(112)	(119)
Adjustment for Principal Repayment of the IFRS16 Lease Liability	108	118
Balance 31 March	**426**	**403**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Board accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Board makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Board has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Note 18 (continued)

	2024/25 £000	2025/26 £000
Balance at 1 April	(164)	(176)
Remeasurements of the net defined benefit (liability)/asset	142	108
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(462)	(399)
Employer's pensions contributions and direct payments to pensioners payable in the year	308	327
Balance at 31 March	**(176)**	**(140)**

Note 19 External Audit Costs

The agreed external audit fee for 2025/26 was £0.010m for work undertaken in accordance with the Code of Audit Practice (2024/25 £0.011m).

Note 20 Cashflow – Analysis of Net Deficit on the provision of services for non cash movements

	2024/25 £000	2025/26 £000
Depreciation/Impairment charges	(146)	(146)
Pension Liability	(154)	(72)
Increase/(Decrease) in Debtors	32	46
Decrease in Revenue Creditors	135	(60)
	(133)	(232)

Note 21 Requisition and Grant Income

The Board credited the following requisitions to the Comprehensive Income and Expenditure Statement. The requisitions are based on population.

Note 21 (continued)

	2024/25 £000	2025/26 £000
Credited to Requisitions and Non Specific Grant Income:		
Requisition from Aberdeen City Council	(1,947)	(2,093)
Requisition from Aberdeenshire Council	(2,249)	(2,418)
Requisition from Moray Council	(826)	(888)
Total	(5,022)	(5,399)
Returned to constituent authorities:		
Aberdeen City Council	114	121
Aberdeenshire Council	134	140
Moray Council	49	52
Total	297	313
Total Requisition and Grant Income	(4,725)	(5,086)

Note 22 Leases

Board as Lessee

Right-of-Use Assets

The Board accounts for leases in accordance with IFRS16 Leases, as adopted by the Code of Practice on Local Authority Accounting in the United Kingdom. This standard removes the former distinction between operating and finance leases for lessees. The Board leases office accommodation within Woodhill House from Aberdeenshire Council. Prior to the adoption of IFRS 16 this arrangement was treated as an operating lease. Under IFRS 16, the Board now recognises a right-of-use asset and a corresponding lease liability from the lease commencement date. Lease payments made in 2025/26 totalled £0.125m (£0.125m in 2024/25).

Where a lease conveys the right to use an identified asset, IFRS 16 requires that it be recognised on the Balance Sheet as a right-of-use asset with an associated lease liability. Lease payments comprise both principal and interest elements: the principal reduces the outstanding liability, while the interest is charged to revenue using the effective interest method.

The table below shows the change in the value of right-of-use assets held under leases by the Board and their liabilities.

	Land and Buildings	Total
Cost of Valuation	**£000**	**£000**
At 1 April 2025		
Opening GBV	338	338
IFRS16 measurement adjustment	18	18
Opening Accumulated Depreciation	(112)	(112)
Depreciation charge in year	(125)	(125)
Value at 31 March 2026	119	119

	2024/25	2025/26
Finance Lease Liabilities	**£000**	**£000**
Not later than one year	113	125
Later than one year and not later than five years	118	-
Later than five years	-	-
Total Liabilities	231	125

Analysed by:-	**£000**	**£000**
Current	113	125
Non-Current	118	-
	231	125

Note 22 (continued)

During 2025/26 the Board reassessed its IFRS 16 lease calculations relating to land and buildings. This resulted in an adjustment of £18k to the opening gross book value of right-of-use assets at 1 April 2025, reflecting a recalculation of the lease measurement. In line with auditor agreement, the revised figures have been reflected in the 2025/26 financial statements only and comparative figures for 2024/25 have not been restated.

Note 23 Related Parties

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

Constituent Authorities

The constituent authorities have the potential to control or influence the Board as they provide the majority of the Board's funding. Details are shown in Note 21. The Board also made payments to the constituent authorities in the normal course of business. The amounts are detailed below.

	2024/25 £000	2025/26 £000
Aberdeen City Council	65	66
Aberdeenshire Council	342	225
Moray Council	124	116
The amounts owed to the constituent authorities for requisitions and normal business activities at 31 March were:		
Aberdeen City Council	114	121
Aberdeenshire Council	138	154
Moray Council	139	141

Members

Members of the Board have direct control over the Board's financial and operating policies. The total of members' allowances paid is shown in the Remuneration Report. There were no other material transactions with members other than the allowances shown in the Remuneration Report.

Note 24 Defined Benefit Pension Scheme

Participation in Pension Scheme

As part of the terms and conditions of employment of its officers, the Board makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until the employees retire, the Board has a commitment to make the payments for those benefits and must disclose them at the time that employees earn their future entitlement.

The Board participates in the North East Scotland Pension Fund (NESPF), a Local Government Pension Scheme, which is administered by Aberdeen City Council. Up until 31 March 2015 pension benefits accrued are based on final salary. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. Benefits earned from 1 April 2015 are based on career average salary. The Scheme is a funded defined benefit scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets over a period of time.

There are also arrangements in place for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due.

Note 24 (continued)

The North East Scotland Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee. The Committee is comprised of nine elected members of Aberdeen City Council. Policy is determined in accordance with the Pensions Fund Regulations. Following the introduction of The Local Government Pension Scheme (Governance) (Scotland) Regulations 2015, the Pension Fund took the opportunity to review its governance arrangements. To comply with these regulations, the Pension Fund implemented a Pension Board with representation from Unions and Employers from the 1 April 2015. With the introduction of the Pension Board, the Joint Investment Advisory Committee was disbanded.

The principal risks to the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute as described in the accounting policy note.

Transactions relating to Post-employment Benefits

In relation to the North East Scotland Pension Fund, the Board recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against requisitions is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

Note 24 (continued)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2024/25 £000	2025/26 £000
Cost of Services:		
Past Service Cost	0	0
Current Service Cost and administration expenses	460	388
Financing and Investment Income and Expenditure:		
Net Interest Expense	1	11
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	461	399
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement.		
Remeasurement of the Net Defined Benefit Liability comprising:		
Expected return on pension fund assets	690	(245)
Actuarial (gain)/loss on financial assumptions	(3,624)	(410)
Effect of Asset Ceiling	2,793	547
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement.	(141)	(108)

MOVEMENT IN RESERVES STATEMENT

Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	461	399
Actual amount charged against requisitions for pensions in the year	308	327

Note 24 (continued)

Pensions Assets and Liabilities Recognised in the Balance Sheet

The change in the net pensions asset is analysed into the following components:

Current Service Cost: The increase in liabilities as a result of years of service earned this year.

Net Interest on the Net Defined Benefit Liability: The change during the year in the net defined benefit liability that arises from the passage of time – charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. It is the difference between the interest (increase) in the value of the liabilities as the benefits are one year closer to being paid and the interest on pension assets based on assets held at the start of the year. The calculation is based on the discount rate in force at the beginning of the year.

Remeasurements: This comprises the Return on Plan Assets (excluding amounts included in the Net Interest on the Net Defined Benefit Liability) and Actuarial Gains and Losses which are changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions Paid to the Pension Fund: Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

The amount included in the Balance Sheet arising from the Board's obligation in respect of its defined benefit plan is as follows:

	31 March 2025 £000	**31 March 2026 £000**
Present value of the funded defined benefit obligation	(26,535)	(26,873)
Present value of the unfunded defined benefit obligation	(176)	(140)
Total present value of the defined benefit obligation	(26,711)	(27,013)
Fair value of plan assets	40,598	42,298
IFRIC 14 Asset Ceiling Adjustment	(14,063)	(15,425)
Net liability arising from defined benefit obligation	**(176)**	**(140)**

The Board has applied the asset ceiling test as prescribed by IFRIC 14 which limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.' The pension asset can be recognised as the lower of the net pension asset or the present value of any economic benefits available. The Board's actuaries undertook this assessment and the asset value in the accounts has reduced as the present value of the benefits available were lower than the pension asset. The net liability arising from the unfunded defined benefit obligation remains as there is no right to offset this.

Note 24 (continued)

The reconciliation of the Board's share of the present value of the North East Scotland Pension Fund's defined benefit liability is as follows:

	31 March 2025 £000	31 March 2026 £000
1 April	(29,501)	(26,711)
Current Service Cost	(460)	(388)
Interest on pension liabilities	(1,420)	(1,526)
Remeasurements:		
Experience loss	391	(153)
Gain on financial assumptions	3,580	704
Gain on demographic assumptions	(347)	(141)
Contributions by scheme participants	(186)	(201)
Benefits Paid	1,232	1,403
Past Service Cost	0	0
31 March	**(26,711)**	**(27,013)**

The reconciliation of the movements in the Board's share of the fair value of the North East Pension Fund's assets is as follows:

	31 March 2025 £000	31 March 2026 £000
1 April	40,081	40,598
Interest on plan assets	1,945	2,330
Remeasurements (assets)	(690)	245
Administration expenses	0	0
Employer Contributions	308	327
Contributions by scheme participants	186	201
Benefits Paid	(1,232)	(1,403)
31 March	**40,598**	**42,298**

Note 24 (continued)

Asset Ceiling

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions.

The closing position at 31 March 2026 is a net asset of £15.522 million (net asset of £14.063 million at 31 March 2025) before any adjustment for the asset ceiling. The Board's chosen methodology assumes that it has no unconditional right to a refund from the Fund and therefore there is no economic benefit available as a refund. The methodology assumes that economic benefit is available to the Board as a reduction in future contributions; the asset ceiling therefore reflects the economic benefit that may be achieved through future contributions and has been calculated on this basis. The economic benefit available as a reduction in future contributions cannot be negative and is therefore restricted to the size of the net asset.

The impact of the asset ceiling is shown in the table below:

	2024/25 £000	2025/26 £000
Opening impact of asset ceiling	10,744	14,063
Interest on impact of asset ceiling	526	815
Actuarial losses/(gains)	2,793	644
Closing impact of asset ceiling	**14,063**	**15,522**

Note 24 (continued)

The Board's share of the Pension Fund's assets is:

	Fair Value of Plan Assets 2024/25	%	Fair Value of Plan Assets 2025/26	%
	£000		£000	
Equity Securities:				
Consumer	-		-	
Manufacturing	-		-	
Energy and Utilities	-		-	
Financial Institutions	-		-	
Health and Care	-		-	
Information Technology	-		-	
Other	20,152.8	50%	22,324.2	53%
Debt Securities:				
Corporate Bonds (investment)	-		-	
Corporate Bonds (non-investment)	-		-	
UK Government	2,597.5	6%	2,566.9	6%
Other	553.4	1%	577.7	1%
Private Equity:				
All	2,929.8	7%	2,866.7	7%
Real Estate:				
UK Property	2,775.9	7%	2,709.4	6%
Overseas Property	164.5	0%	135.6	1%
Investment Funds and Unit Trusts:				
Equities	-		-	
Bonds	4,481.9	11%	4,813.2	11%
Hedge Funds	-		-	
Commodities	-		-	
Infrastructure	3,359.6	8%	3,238.2	8%
Other	-		-	
Derivatives:				
Inflation	-		-	
Interest Rate	-		-	
Foreign Exchange	-		-	
Other	797.8	2%	749.4	2%
Cash and Cash Equivalents:				
All	2,784.8	7%	2,413.7	6%
Total Assets	**40,598.0**		**42,395.0**	

Note 24 (continued)

Basis for Estimating Assets and Liabilities

The most recent valuation was carried out as at 31 March 2024 and has been updated by Hymans Robertson LLP, independent actuaries to the North East Scotland Pension Fund, in order to assess the liabilities of the Fund as at 31 March 2026. Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.
The principal assumptions used by the actuary have been:

	31 March 2025	31 March 2026
Financial assumptions:		
Discount rate	5.80%	6.20%
Rate of increase in salaries	4.30%	4.50%
Rate of increase in pensions	2.80%	2.80%
Rate of CPI inflation	2.80%	2.80%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	20.9	21.3
Women	23.3	23.5
Longevity at 65 for future pensioners:		
Men	22.2	22.6
Women	25.1	25.2

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The sensitivities regarding the principal assumptions used to measure the scheme obligations are set out below.

Change in assumptions at 31 March 2026:	Approximate % increase to Employer	Approximate Monetary Amount (£000)
0.1% decrease in Real Discount Rate	1%	371
1 year increase in member life expectancy	4%	1,081
0.1% increase in the Salary Increase Rate	0%	50
0.1% increase in the Pension Increase Rate	1%	320

Note 24 (continued)

Funding Strategy Statement (FSS)

The FSS sets out how the administering authority balances the potentially conflicting aims of affordability of contributions, transparency of process, stability of employers' contributions, and prudence in the funding basis.

The Pension Committee's long-term funding objective is to achieve and maintain assets equal to 100% of projected accrued liabilities, assessed on an ongoing basis. The current actuarial valuation of the Fund is effective as at 31 March 2023 and the results indicate that overall the assets represented 128% of projected accrued liabilities at the valuation date. Investments that would most closely match the pension liabilities would be gilts, predominantly index-linked, reflecting the nature of the Fund's liabilities. However, the Fund invests in other assets, in the expectation that these will provide higher returns albeit without any guarantee that higher returns will be achieved over any particular year. The benefit of higher investment return is that, over the long term, a higher level of funding should achieve lower employer contribution rates. However the additional investment returns from growth assets come with a price: greater volatility relative to the liabilities thus introducing risk. There is a trade-off between the benefits of additional investment return from greater exposure to growth assets and the greater predictability from having greater exposure to liability matching assets.

The asset proportions of the Fund at 31 March 2026, with March 2025 in brackets were: equity securities 53% (55%), debt securities 6% (7%), private equity 7% (7%), real estate 7% (8%), investment funds and unit trusts 19% (19%), derivatives 2% (2%) and cash/cash equivalents 6% (2%). This is based on the Board's proportion of assets held as supplied by the actuary, rather than the proportions held by the fund as a whole.

Impact on the Board's Cash Flows

While the Fund's main objective is to ensure solvency of the NESPF they also aim to keep employers' contributions at as constant a rate as possible. Following the 2023 valuation the Pensions Committee has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over an average surplus spread period of 15 years and have maintained an employer contribution rate requirement of 10.1% for local authorities across the scheme. During the valuation process employer rates are set for a period of three years with the next triennial valuation due as at 31 March 2026 to determine a funding level and set the rates for 2027/28 onwards.

The projected employer contributions expected to be made to the Local Government Pension Scheme in the year to 31 March 2027 is £0.309m.

The weighted average duration of the liabilities for scheme members at the 31 March 2023 valuation is 15 years.

GLOSSARY OF TERMS

EXPENDITURE

Employee Benefit Expenses
Includes direct and indirect employee expenses.
Direct expenses include salaries and overtime, employer's national insurance and superannuation contributions.
Indirect employee expenses include relocation cost, interview expenses, training and staff advertising.

Other Service Expenses
Includes

- rent, rates, repairs and maintenance and premises-related expenditure at the area offices in Banff, Elgin and Woodhill House headquarters.
- all costs associated with the hire or use of transport, including staff travel allowances and public transport and
- the cost of purchasing equipment, furniture and materials used in the operation or administration of the service, including printing and stationery, canvass expenses and valuation appeal panel costs.

Support Services
This is a charge from Moray Council for services that support the Board in its provision of services to the public. These include Legal Services, Financial Services, Internal Audit and Human Resources.

Depreciation
Depreciation is a charge to the Comprehensive Income and Expenditure Statement, reflecting the decline in value of assets as a result of their usage or ageing.

Impairment
Impairment is a charge to the Comprehensive Income and Expenditure Statement, reflecting that the recoverable amount of an asset is less than its carrying amount.

INCOME

Requisitions
Funding received from the constituent authorities for which the Board provides a service.

GLOSSARY OF TERMS (continued)

OTHER TERMS

CIPFA
The Chartered Institute of Public Finance and Accountancy

LASAAC
Local Authority (Scotland) Accounts Advisory Committee

IFRS
International Financial Reporting Standard

The Code
The Code of Practice on Local Authority Accounting in the United Kingdom

SeRCOP
Service Reporting Code of Practice

Fair Value
IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk.

Current Value
For operational land and buildings, current value is the amount that would be paid for the asset in its existing use.

Economic Cost
The total cost of performing an activity or following a decision or course of action.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAMPIAN VALUATION JOINT BOARD AND THE ACCOUNTS COMMISSION

REPORTING ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Grampian Valuation Joint Board for the year ended 31 March 2026 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, and notes to the financial statements including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the 2025/26 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the body as at 31 March 2026 and of the income and expenditure of the body for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2025/26 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on

the ability of the body to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the body. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Treasurer and Grampian Valuation Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities for the Annual Accounts, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the ability of the body to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the body.

The Grampian Valuation Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the body;

- inquiring of the Treasurer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;

- inquiring of the Treasurer concerning the policies and procedures of the body regarding compliance with the applicable legal and regulatory framework;

- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

REPORTING ON OTHER REQUIREMENTS

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

We have audited the parts of the Remuneration Report described as audited. In our opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities for the Annual Accounts and the unaudited parts of the Remuneration Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Management

Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or

- the financial statements and the audited parts of the Remuneration Report are not in agreement with the accounting records; or

- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Angela Pieri

Angela L Pieri, (for and on behalf of Grant Thornton UK LLP),

30 October 2026

Grant Thornton, 8th Floor, 120 Bothwell Street, Glasgow, G2 7JS

Date: